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MARKETING & MEDIA

DECISIONS

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TEST MARKETING'S STAR WARS

J. Reginald Rhodes
Burke Marketing Services

Gian Fulgoni
Information Resources, Inc.

Thomas Busyn
A.C. Nielsen Co.

AD-SUPPORTED VIDEO

NEW CAMERA ANGLES

PUBLISHERS GO REGIONAL

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MARKETING & MEDIA DECISIONS

SPECIAL REPORT

TEST MARKETING'S STAR WARS 74

Three companies — Information Resources Inc., Burke Marketing Services and A.C. Nielsen — are using every techy trick at their disposal to attain leadership in the test marketing field. In this cover story, what they're doing and what it might mean for marketers are spelt out. Also part of the report are guidelines from Campbell Soup's Tony Adams on avoiding test marketing traps (page 90); Ira Weinblatt of Dancer Fitzgerald Sample shares his agency's test site standards (page 92); the Universal Product Code and its promise are appraised (page 96); and who does what in scanner services is made clear (page 97).

FEATURES

PUTTING MAGAZINES ON THE MAP 40

Regional publishing's strengths and advertisers' segmented needs have led Time Inc. and Meredith to think small in their publishing plans. But is local any place for national publishers?

THE PUSH IN ON IN VIDEO PUBLISHING 49

Home video is feeding a new industry as entreprenuers attempt to marry the system to Madison Ave. While ads are possible, sponsorship seems the way to go, but every matchmaker is writing his own rules.

UP, UP AND ALL OVER 58

Our London correspondent checks in with the latest developments in the burgeoning European satellite tv and cable industries.

THE NOT-SO-MELLOW YELLOW PAGES 65

It seems everybody has got their fingers in the yellow page business. In fact, advertisers are growing more and more concerned that the widening competition will dilute the medium's effectiveness.

BRAND REPORT 133: CAMERAS 125

While all the talk is of "electronic imaging," camera marketers remain undaunted. New products like Polaroid's Spectra and Kodak's new 35mm cameras, as well as the auto-everything revolution, continue to improve the picture for this product category.

DEPARTMENTS

PRO FILES 4

Clare Simpson will marshall network tv, cable and syndication for Coca-Cola at agency McCann-Erickson. Also, radio's Madam President and the Direct Marketer of the Year.

DIRECT MARKETING 8

Four direct marketing agencies are new to the top 15 agencies for 1985 as ranked by the Direct Marketing Association. Hot growth, meanwhile, has led others to set up new direct marketing agencies.

PRINT BEAT 17

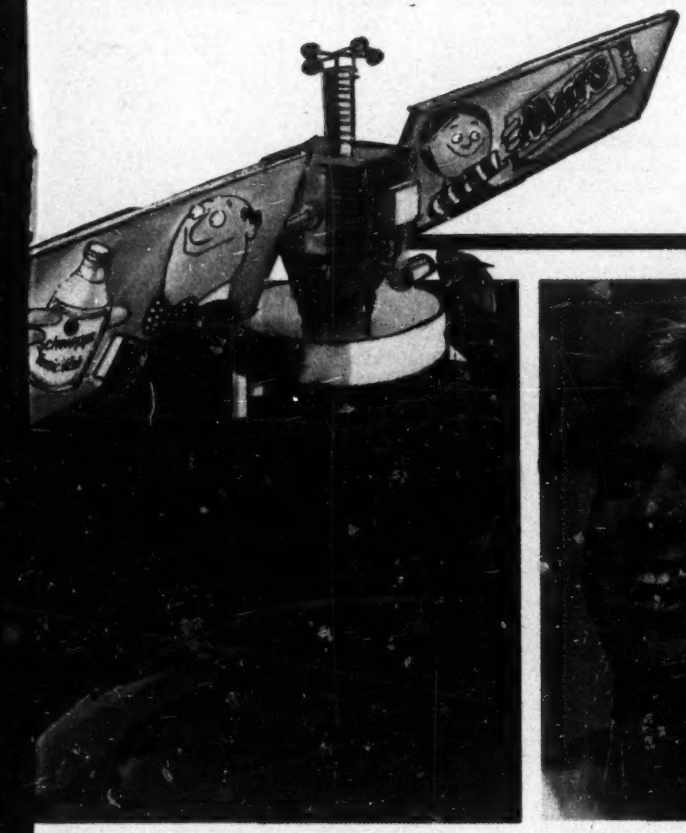
To ease the buying process, a wide-ranging network for classified advertisers will be offered from Times Mirror National Marketing.

UPDATE 20

The Detroit dailies call it a draw and combine operations — if the government will let them. Also, Chesebrough's Phillips becomes heir apparent, while 13-30's Whittle and Moffitt go their separate ways.

LETTERS 24

Considering the Council, some "Vice" advice, eight-sheets and the black market and more feedback on our new format.



May 1986, Vol. 21, No. 6

Cover design by Mike Quon, photographs by Michael Mella

CREATIVE CONCEPTS 28

Cartoon characters add a human touch to a variety of advertising campaigns.

DEBUT 32

Prestige Panels' billboards on wheels are on a roll. Also, *Videomaker*, a magazine for video camera owners.

FREEZE FRAME 34

The Movie Channel is the most recent pay service to encourage VCR owners to tape their fare. Agency cable buyers, meanwhile, discuss MTV's hassles with its Nielsen numbers.

BROADCAST BEAT 143

Dr Pepper will be the sole sponsor and hold all rights to the *Canned Film Festival*, to be syndicated this summer. Also, the outlook on the upfront.

ECONOMIC EYE 146

The Media Cost Index; LNA flash figures; and the cable picture from Kidder Peabody's Mary Kukowski.

POINT/COUNTERPOINT/POLL 148

Career management at advertisers and agencies — how do you score?

ON THE DOCKET 150

The FCC continues unabated in its efforts to deregulate the broadcast scene.

TOOLS OF THE TRADE 152

Foote, Cone & Belding's Grid can help determine whether an ad strategy can cross national boundaries.

SALES PROMOTION 156

The promotion industry looks at the past and future.

THE LAST WORD 160

There's one way to avoid marketing pratfalls: test.

AS THEY SEE IT

MEDIOLOGY *Allen Banks* 107

Guarantees in advertising time and/or space buys may not be all they seem.

CABLE *Gene Willhoft* 109

Herewith, a five-part plan for deciding the whys and wheres of cable funding.

MAGAZINES *Stephen Jacoby* 110

The movement toward negotiated rates and labyrinthian discount plans may be undermining the magazine medium.

RADIO *Dennis McGuire* 112

A buyer offers advice on avoiding static in a switch pitch.

RESEARCH *Stacey Lippman* 116

It's time for a change in thinking regarding frequency levels.

MARKETING *Larry Kelley* 118

Women in the work-a-day world have led to changes in media and media usage.

NEWSPAPERS *Jack Cohen* 119

They've said it before and they'll say it again — close that differential gap!

OUTDOOR *Judith Monosson* 121

The medium is getting a breath of fresh air from new technologies and new advertisers.

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DIRECT MARKETING

by Rebecca Fannin

TAKING IT FROM THE TOP IN DIRECT RESPONSE

Leber Katz Partners scored big last year in direct marketing billings, chalking up the highest growth rate (up 65%) among the top 15 agencies specializing in direct marketing.

But Leber Katz' skyrocketing performance to 12th position in 1985 from 18th the previous year did not alter the lineup much among the top 15 direct marketing agencies which used only fees and commissions to tabulate their billings.

Wunderman, Ricotta & Kline maintained its number-one status with $175.7 million in billings, a gain of 17.4%. Second-ranked Ogilvy & Mather Direct showed an increase of 30% to $173 million in billings last year.

Direct Inc., however, the 11th-largest biller in 1984's survey, fell to 26th position last year.

Meanwhile, other agencies besides Leber Katz which joined the top 15 ranks were JWT Direct, which grew in billings by 41.7%; Scali, McCabe, Sloves Direct, with a 47.3% gain; and Flair Direct, with the second-largest growth rate (59.4%) of the top 15.

In other significant rattlings, BBDO Direct, Inc. claimed the ninth position with a 12.7% increase. But it didn't exactly leave the former ninth-ranked agency, MARCOA Direct Advertising, Inc., behind in the dust. MARCOA's business was up nearly 3%, meaning it remained at BBDO's heels in the tenth position.

The DMA also reports that 85 agencies participated in this year's survey, compared to 59 last year.

By way of note, the association kept separate tabs on agencies reporting fees, commissions and internal production revenues. The top five in this configuration are, in order: The Direct Marketing Group, $101.6 million; The Direct Marketing Agency, $80.4 million; Krupp/Taylor, $53.2 million; Direct Mail Corporation, $39.8 million; and Epsilon, $35.8 million.

DIRECT RESPONSE ADVERTISING AGENCIES U.S. GROSS BILLINGS

Agencies Reporting Fees and Commissions Only	Billings (in millions) 1985	1984	% Gain
2 Ogilvy & Mather Direct	173.0	133.0	30.1
4 Rapp & Collins Direct Response Group	83.5	57.6	45.0
6 Kobs & Brady Advertising, Inc.	70.3	52.0	35.2
8 Barry Blau & Partners	42.5	37.7	12.7
10 MARCOA Direct Advertising, Inc.	36.1	35.1	2.8
12 Leber Katz Partners Direct Marketing	33.7	20.0	68.5
14 Scali, McCabe, Sloves Direct	30.5	20.7	47.3

The 1984 figure represents Story & Adler offices in NYC and Chicago and does not include Chapman Direct's billings; however, in 1984 Chapman Direct billings were reported to be $4.2 million. The 1985 figures represent the Stone & Adler office in Chicago and Chapman Direct billings.

Source: Direct Marketing Association

MORE AGENCIES TAKE THE PLUNGE

With direct marketing one of the faster-growing areas of the selling business, it's no surprise to see opportunists jumping in with what they hope will be a big splash. This spring, though, the pool is really crowded. At least three direct marketing agencies were formed during the windy month of March alone.

Atlanta's Burton-Campbell confidently took the plunge this year with four clients billing a total of $2 million.

Clifton, N.J.-based direct marketing agency, Direct Dimensions, Inc. was also formed by Suzanne Ghosh, who headed direct marketing at Keyes-Martin in Springfield, N.J.

Last but not the least is a joint venture between two industry veterans, Norman Steen, of Lynbrook, N.Y.-based Steen Advertising, and Bill Pesce, of New York City agency, Pesce Advertising.

GEORGE CEOLLA

Autry hones a new Meredith strategy.

THE BIG THINK SMALL

The good health of local magazines, combined with advertisers' new targeted awareness, have made some national publishers consider regional buyups, startups and networks.

by Fred Pfaff

For once in my life I'm in the right place at the right time," exults Camille Harris, bubbly president of the National Business Network of Regional Business Publications. "Market segmentation is just flowing. Companies have become sales driven, and regional offices are hammering away at agencies for more local support."

Harris' enthusiasm sums up the reasons magazine publishing observers predict the industry's future growth will be in regionals, and a few major national mass magazine publishers are taking note and betting on the trend. In 1985 Time Inc. acquired regional publisher Southern Progress Corp., "from which we can learn how to operate effectively on a regional basis," according to Kelso Sutton, executive vice president of magazines. Time's recent *New York-New Jersey-Connecticut Real Estate* is reportedly only the first magazine in a planned national network of such regional efforts. And Des Moines-based Meredith Corp. is actively talking up regional launches — in fact, Meredith already has tests and a national network scheme underway.

What these publishers see is an advertising environment ripe for exploiting regional preferences. Time's regional moves respond to rumblings that auto and liquor accounts — mainstays for Time's magazines — will be placing more advertising responsibility in the hands of regional managers. "There's no question but that the regionalization of ad spending is going to be a big topic for United States magazines," says Sutton. "Local advertising is growing faster than national advertising. It's dynamic, it's less prone to cyclical variations and it's going to grow. That's why we've been looking at regional publishing."

"I think it's right," says Paul Zuckerman, senior vice president, director of media planning and operations at Doyle Dane Bernbach Group Inc., of Time's strategy. "We're going down to the streetcorner if we can to get close to the purchase decision. Regional magazines are a viable means to do that in print." Such national clients as Co-

New kid in town: Cunningham's Southern Progress may have sold Time Inc. on regional publishing.

STEVEN BEGLEITER

lombian coffee, IBM and GTE, he notes, are making a point of adding regionals to their national magazine schedules.

Regional books are also getting a closer look from Campbell-Ewald Co., some of whose heavyweight clients — most notably Generaly Motors Corp. — are making an effort to market more regionally. "We're considering regionals more now," attests Louis M. Schultz, C-E executive vice president, director of media services. "Plans are being built ADI by ADI, and the regional magazines offer geographic flexibility with our best prospects."

Still, Time and Meredith's bets aren't without risk. Advertisers' desires for more defined buys haven't automatically translated into a burning affection for regional magazines. Bob Neal, group manager, media administration at R.J. Reynolds Industries Inc., for one, wants highly targeted spending, but doesn't find regional magazines more attractive because of it. "They're on the bottom of the list," he claims. "You tend to run out of

money before you get to them. Newspapers give you broader coverage."

Some feel that the big boys simply are too big to play the regional game. Then there are those who will argue that even the broad regional niches have closed up, and the established titles are all but immovable. Even Alan Leveritt, publisher of *Southern*, a soon-to-be-launched regional with a probing tone, admits, "I don't know of a single city or regional magazine startup that has ever succeeded against an established publication. I don't think anyone can break that record; the franchises are too strong." Ironically, Leveritt will take on one of the most established of the regionals, Southern Progress' *Southern Living*.

Another obstacle is regional bias: such major publishers as Time Inc. and Meredith are foreigners in the eyes of readers and advertisers in individual regions. "Nobody cares where the *Time* magazine guy hawking ads is from," says Pat Hornberger, publisher of *Maryland* and president of the Regional Publishers Association. "But where you're from is important in sell-

ing ads for a regional. Regional advertisers want to be sold by a native they're sure knows the region."

Despite the reservations expressed by some, others feel publishing is on the verge of a regional craze. Campbell-Ewald's regional magazine buying hasn't risen enough to make a significant difference in the overall budget allocations, "but it's up," points out C-E's Schultz. "And that's a step toward using all media on a regional basis. You'll see major increases in regional spending in the next few years," he predicts. "And you'll see the Time Inc.'s compete in regionals, too."

Also supporting publishers' new interest in regionals is the trouble some have identifying and tapping new niches with mass potential. Time is currently wrestling with the one magazine launch from its much bally-hooed Magazine Development Group — a photoweekly for the checkout counter, *Picture Week*. After a weak test period, it's back on the drawing board amidst talk of its imminent demise, though Time Inc. still denies any plans to scrap it. Other pondered startups, *Quality* and *Leisure*, strike many as too close to such established books as Hearst's *Connoisseur*.

Those who think small have fared better. Regional magazines have been growing quietly and steadily as local advertisers look for slicker vehicles and major national advertisers look for ways to make bigger noises in smaller target markets. Of the 22 city/regionals that sold over 1,000 ad pages in 1985, according to *Media Industry Newsletter*, 15 posted page gains for the year (see chart).

That's enough to whet appetites for regional adventure.

In early 1985, Time Inc. bought the company widely considered the granddaddy of regional publishing, Southern Progress Corp. of Birmingham, Ala., for a healthy $480 million. What Time Inc. got with the deal is a stable of

THE 1000+ AD PAGE CLUB
Monthly metro and regional magazine winners

rank	magazine	circulation	1985 pages	% change	1984 pages	% change
1	Los Angeles	188,236	2,222.90	−11.35	NA	NA
2	The Washingtonian	144,007	1,971.58	+5.66	NA	NA
3	Boston	133,733	1,949.85	+6.50	8,154	+17.32
4	San Diego	61,063	1,864.60	−0.11	4,550	+9.96
5	Sunset	1,407,860	1,747.80	+3.78	40,985	+10.72
6	Chicago	214,886	1,733.93	−1.65	NA	NA
7	Philadelphia	153,880	1,716.00	+4.96	7,623	+11.32
8	D Magazine	80,391	1,666.00	+0.66	5,663	+11.48
9	Southern Living	2,318,824	1,631.90	+0.41	57,305	+8.12
10	Texas Monthly	282,270	1,562.56	−5.69	NA	NA
11	Palm Springs Life	76,000*	1,361.50	−6.61	4,119	+2.92
12	Minneapolis/St. Paul	48,734	1,268.00	+8.28	2,400	+14.29
13	Phoenix	35,898	1,188.50	+6.99	2,299	+15.35
14	San Francisco Focus	180,180	1,152.24	+38.74	4,665	+99.10
15	Miami/South Florida	28,874	1,130.85	+0.90	2,291	+9.04
16	Florida Trend	42,997	1,091.73	+7.51	2,962	+23.78
17	Connecticut	68,960	1,085.30	+8.56	2,500	+19.05
18	New England Business	*53,765**	1,081.99	+22.62	2,671	+22.69
19	Cleveland	42,502	1,047.03	+10.86	2,054	+16.24
20	Southwest Art	53,404	1,031.34	−1.34	2,223	+3.35
21	Baltimore	53,377	1,024.56	+22.74	NA	NA
22	North Shore	33,448***	1,019.78	−3.83	1,420	+4.41

Sources: Media Industry Newsletter Five-Year Summary of Metro/Regional magazines; Audit Bureau of Circulations Fas-Fax report (average paid circulation for six months ended December 31, 1985)

*figure supplied by publisher
**average qualified circulation for six months ended December 31, 1985, audited by Business Publications audit of Circulations
***North Shore not included in published Fas-Fax. Figure represents initial complete ABC audit for average circulation, six months ending December 31, 1985
NA = Not available

front-running magazines in the blossoming South: *Progressive Farmer*, a 100-year-old magazine dedicated to better farm practices, *Southern Accents*, an *Architectural Digest*-like shelter book featuring Southern homes; and the company's cornerstone, *Southern Living*, the first word off the tongues of media directors and publishers alike when the question is regionals. Also included in the deal was the quietly modern *Creative Ideas for Living*, a national women's magazine.

Earlier this year, Time Inc. surprised the publishing community by rolling out *New York-New Jersey-Connecticut Real Estate*, a regional real estate book. Although Time is not new to specialty publishing, this marks the first truly regional effort for the mega-publisher. Its next step may come in the South. Notes Glenn Majors, Southwest advertising manager for *Southern Living*, "When Time acquired Southern Progress, they said they wanted us to launch magazines." Kelso Sutton confirms that Southern Progress is working on launches and that "we're having conversations about some launch ideas we have up here."

LARRY BARNES

New tack at Time Inc.: Sutton sees regionals as part of the big picture for the publishing unit.

Another company moving in fast to take advantage of regional thinking is Meredith Corp. Having spawned numerous spinoffs from flagship *Better Homes and Gardens*, Meredith bought *Ladies' Home Journal* from Family Media last year for a whopping $92 million. "The day of starting great multi-million circulation magazines is gone," says magazine group president James Autry.

Autry's money is now on the little guys. Whereas six years ago, he says, Meredith would have balked at the idea of a 100,000-circulation magazine with small returns, the company invested in two city books (*Houston Home & Garden* and *Dallas/Fort Worth Home & Garden*) in 1984. Quiet properties until now, they'll be spotlit soon enough. A former editor of *New Orleans* and a lover of gardening, Autry envisions a network of city home and garden magazines. Under his direction, Meredith has sent out mailings designed to copy protect the *Home & Garden* name in 30 cities and clear the way for future startups.

"Not that again," chides Roberta Garfinkle, vice president and director of print media at McCann-Erickson Worldwide, about Autry's network plans. "This isn't the first time I've heard someone with that brilliant idea. It's never worked. There's just no incentive to go into the books unless the client is interested in a regional heavy-up in all those markets." Paul Zuckerman, senior vice president, director of media planning and operations at Doyle Dane Bernbach Group Inc., cautions that "some markets in a network of garden publications are bound to be markets a client won't support."

Broader regional books may be more attractive. Meredith is also testing a magazine for the Midwest it will call either *Midwest Living* or *Heartland*.

If other national publishers have regional plans, they aren't telling. According to director of new magazine development John Mack Carter, Hearst Corp. has "ruled out" regionals because most reap small rewards. Conde Nast, meanwhile, fears regional books would dilute their national ad pools. "For some advertisers, a regional might rule out a national run in *Vogue*," worries vice president, business manager John B. Brunelle.

National publishers are also wary of the highly personal world of regionals — one dominated by independent publishers whose enterprises stroke all the best things in area life. "We're the nice magazines," vouches RPA's Pat Hornberger. "We represent the good news that's left in life. We don't talk about the things you have to fix."

As a result, acquisitions like Time Inc.'s Southern Progress buy seem the safest bet for national publishers, and Hornberger feels many regionals are now easy targets. "A lot of those fellows are getting old," he says, referring to the regional publishing pioneers. "They've been around and done really well, but they wouldn't mind at all if someone gave them enough money to really retire."

No region heats with chauvinism more than the South, and no one has a tighter hug on it than *Southern Living* publisher Southern Progress Corp. Chairman and chief executive officer Emory Cunningham "would rather close down" than delve in any "downbeat stuff about the South." The personal strategy: "We like our editors to live the same lives our readers live. That keeps our feet on the ground."

Southern Living, his flagship, celebrates area living. Since the South is the country's fastest growing market, and since, at 2,318,824 circulation (Audit Bureau Fas-Fax estimate for six months ending December 31, 1985), *Southern Living* dwarfs some popular national books, the magazine claims an unusually high 87.5% national advertising.

The nice book of the North, pocket-sized *Yankee*, likes to consider itself national. Since departed New Englanders spread slightly more than half *Yankee*'s 1,008,581 ABC circulation over other regions, a niche is open for standard-sized, 83,699 ABC circulation *New England Monthly*. More competition comes from the U.S. edition of Canadian outdoor monthly *Harrowsmith*, which is bucking to build its 275,000 circulation in the Northeast.

And then there's the West. The land of the laid back is covered well by *Sunset*, a 1,407,880 ABC circulation "magazine of Western living." California accounts for more than half of that audience, and the state is divided into three zoned editions.

What these regionals and their more

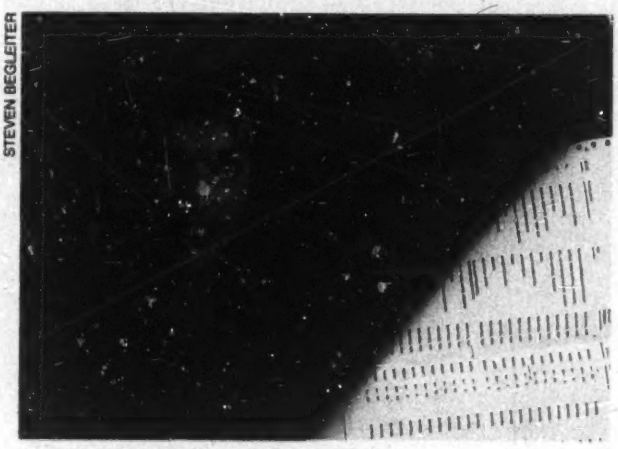
finely tuned state and city rivals offer is access. Advertisers buy them much like they buy spot tv or spot radio. Michael Calman, chairman of CRK Advertising, in-house agency for Calvin Klein Industries Inc., is adamant: "You look at the market first. That's why you're using a geographic book."

For others, such as Bob Zach, vice president, media director at Chiat/Day, regional magazines are appealing for "flexibility. Their local market penetration is better, and you can negotiate for positions rather than rely on the production manager's whims." While national magazines boast lower full-run CPM's, they pass on press run break costs; the resulting premiums often make a national book's regional editions more costly than regional magazines. For example, the Texas edition of *Business Week* carries a $93.00 four-color circulation CPM and the Southwest edition of *Fortune* carries a four-color circulation CPM of $111.67, whereas a four-color page in *Texas Monthly* goes for $43.72 per thousand circulation. "The nationals' premiums are understandable," says Zach. "But are you willing to pay for their production problems?"

For Pat Kane, director of advertising for Beatrice U.S. Food Corp., those premiums can "give regionals a leg up on national competitors." But while the CPM of regionals is generally lower than for geographic editions of national magazines, breakouts by demographic traits tend to offset this advantage. "On a total reader base, CPM is competitive," Kane says. "But when you take out the market you're looking for, you start to see a bump." Kane is trying to get national magazines to waive regional premiums for products that won't ever attain national distribution.

"CPM's are a problem," admits Tom Marshall, publisher of *Louisiana Life*. "Media planners take a look and ask, 'Why don't I just buy Media Networks?' " Media Networks packages local buys of national magazines in 178 markets. Advertisers get a convenient buy, but marketing director Jim McAleer admits "the CPM's won't come down." Even so, says Marshall, "There's still a perception that regional magazines are a luxury that is to be bought after everything else."

That perception extends even to such believers in regional magazines as Russell Berg, who retires this month as director of marketing communications at Hewlett-Packard. While he feels local merchandising and local identification make regionals a valuable part of the mix, he's quick to put them in perspective: "Regionals augment national advertising. It's not an argument between national and regional.



STEVEN BEGLEITER

NBN's Camille Harris networks business regionals to help the regionally minded make an easier buy.

Networks seem an obvious way of broadening regionals' appeal, but they can be tricky. Often the magazines involved are dedicated to their differences. That's one of the headaches Beatrice's Pat Kane cites with a sigh: "dealing with the different editorial styles and demographics by market."

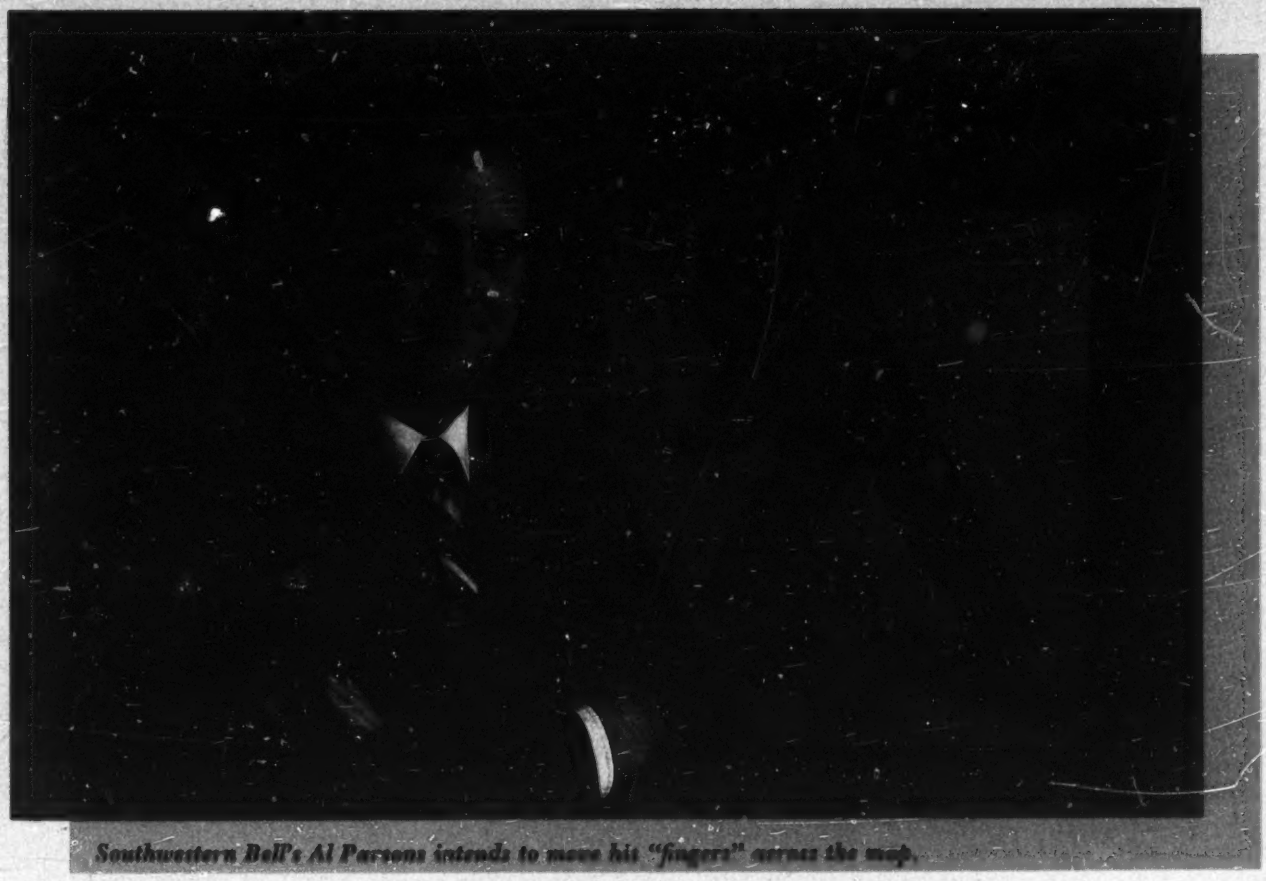
Kane also spots the seller's problem with national regional magazine networks: Who gets the money for deals arranged out of state? That simple procedure set off enough of a squabble to help discontinue a national network organized by the City and Regional Magazine Association after only a year of selling. Meredith's Jim Autry is convinced the effort was too early and "the network's time will come," but others aren't so sure. Accordingly to the CRMA's Whit McDowell, executive director, advertisers confronted with a confusing web of sizes, CPM's and discounts didn't consider the network a worthwhile national buy.

Such confusion has been lessened for the little guys in business publishing thanks to Camille Harris, ex-*California Business* vice president, sales and marketing, who runs the National Business Network for Regional Business Publications. At its launch in 1984, Harris hoped NBN would account for 5% of its member magazines' ad pages. It now accounts for 10%, she says, and should account for 20% by year end.

To lure dollars away from newspapers, president Harris gets clients' marketing mandates and groups magazines from NBN's 125-magazine, 2.3 million circulation membership. And Harris likens NBN to a media buying service; the network drew up media plans for more than 1,500 agencies and advertisers in 1985. Major telephone outfits AT&T and MCI reach their scattered markets with NBN buys, while Cutty Sark buys a scotch network NBN designed. "NBN is also a neat idea for clients who want to advertise in a business environment but aren't ready to pay for national exposure," says McCann-Erickson's Roberta Garfinkle.

Cost and inconsistent quality are NBN's drawbacks. Though a self-professed proponent of city and regional books, Doyle Dane Bernbach's Paul Zuckerman considers NBN "too much to swallow at one time" and quarrels with the poor quality and lack of audience data of many magazines. "NBN saves you paperwork, but there's no real cost efficiency," adds Chiat/Day's Bob Zach. "One order, one bill saves the agency money. But what does it do for my client?"

Such reservations are enough to give second thoughts to the big publishers as well. Time's Kelso Sutton has considered cross buys of Time Inc. regional editions with Southern Progress properties, but decided "the time is not right yet." As for Meredith, "The jury is still out on whether this is a good thing for us to do," admits Autry of his envisioned regional network. "I've got my fingers crossed." ■



Southwestern Bell's Al Parsons intends to move his "fingers" across the map.

RUN DON'T WALK

That's the motto of the seven regional Bell companies which, to some advertisers' chagrin, are pumping out directories furiously.

by Rebecca Fannin

Never let it be said that the yellow pages are not colorful. Since the 1984 breakup of AT&T, the lucrative yellow page directories have blossomed into a hotbed of competitive activity. The seven regional Bell companies, which had been expected to fade into the sedate world of regulated monopolies, leaving new business opportunities to the AT&T Co., are so charged up with aggressive marketing plans that many retail advertisers worry their favored vehicle for referring and closing a sale may end up too cluttered.

Indeed Southwestern Bell has gotten so aggressive — moving well beyond its regional base with both new kinds of books and just ole' competitive models — that some of its Bell cousins are getting hot under the collar. Nynex Information Resources is taking some aggressive actions to blunt Southwestern's move into its lucrative Manhattan market.

Overall, the "Baby Bell" companies, which wolf down $5 billion of the $6 billion directory business, and have to petition the courts for new ventures, have begun publishing in earnest. In addition to the standard yellow page listings, targeted directories for senior citizens, magazines for people who have recently moved and competitive directories far from their regional homebases have all appeared or are just about to.

All this activity is raising concerns from advertisers. This group is worried that the medium may become crowded with me-too directories. Yellow page competition, they admit, could bring down soaring ad rates, but may prove a bane in that the advertiser will have to be in more than one directory per market to cover it effectively.

At BBDO Yellow Pages Marketing, for example, senior vice president Kevin Keary says the agency is already pulling out demographics and profiles of customers to make selections among many directories in a market. "We

have to see if new directories compliment or compete with existing directories," notes Keary.

Undaunted, the Bell operating companies are rolling along. Southwestern Bell, for instance, the largest yellow page publisher with an estimated $850 million in revenues, plans to launch directories competing directly with Nynex's Manhattan book this year and Bell Atlantic's in the Washington and Baltimore areas next year. These ambitious programs come on the heels of Southwestern's national expansion of the Silver Pages, a discount directory for senior citizens which should be in 90 markets by the end of 1986.

"It's becoming a highly competitive business because of the elimination of geographical boundaries," proclaims Al Parsons, president and chief executive officer of Southwestern Bell Publications. "But now that there are seven separate regional Bell companies, what we are looking to do is fill consumers' needs wherever they are."

To facilitate Southwestern's national movement, the company has purchased the New York Yellow Pages, a series of neighborhood directories; J.C. Blake, a community directory publisher; and Mast Advertising & Publishing, the nation's 12th-largest directory publisher and a sales agent for other telephone companies.

NATIONAL YELLOW PAGE ADVERTISING

1976	$161.2 million
1977	$180.3 million
1978	$208.0 million
1979	$241.4 million
1980	$281.8 million
1981	$330.1 million
1982	$379.9 million
1983	$432.7 million
1984	$488.7 million
1985	$580.0 million

Source: National Yellow Pages Service Association.

Not lazy itself, BellSouth Enterprises has been gearing up for national distribution, but with a different strategy. "We don't intend to go across the country publishing papers," says Larry Taylor, group vice president, advertising and publishing for the second-largest directory issuer. "But what I am trying to do is build an organization so that we not only sell ads and publish directories, but also print, compose and distribute the directories." Two years ago, BellSouth bought TechSouth, a photocomposition outfit. Last year it purchased Stevens Graphics, the second-largest yellow page printer, and this year the company is acquiring L.M. Berry & Co., the second-largest yellow page sales representative.

Similar scenarios are being played out across the country as the directory business explodes. U.S. West Direct, scurrying to keep abreast of its competitors to the East, has recently picked up three independent directory companies in San Diego, Louisiana and Houston. "It's a wide open market," says Phil Unger, marketing director for U.S. West's publishing subsidiary. U.S. West additionally has begun publishing telephone directories for the Salt Lake City, Albuquerque and St. Paul markets.

In the New England area, Nynex Information Resources also has gotten into a number of other publishing ventures. Nynex already publishes the Spanish yellow pages for Manhattan and parts of New Jersey, and is planning to bring out a quarterly consumer magazine, *Changing Homes*, that would be distributed to people who have recently moved. Add to these efforts a trial introduction of an operator-assisted yellow pages service. Cutely called Hello Yellow, the service enables callers to request the type of business or service they want, the preferred location and additional information, such as hours of operation. A boater's directory listing marine supplies is also on Nynex's calendar for unveiling next February. "We're looking to fill market niches throughout the Northeast area," notes Bernard Bloomfield, director of marketing services at Nynex.

R.H. Donnelley, the largest yellow page sales representative and independent publisher, is seeking to break down some boundaries of its own. The Dun & Bradstreet subsidiary has been advancing as the publisher of directories in markets throughout the Sunbelt and plans to announce a competitive directory in the Philadelphia market this year.

"These publishers have a real thirst to enter and succeed in new businesses," points out Howard Anderson, a consultant with the Yankee Group. Through their efforts to target new

No knock-off's for this Manhattan upstart. Newspaper ads claim the Southwestern combined directory is easier to use.

Are Two Yellow Pages Directories Working Your Fingers To The Bone?

groups for directories, they are following the lead of the magazine industry, which branched out from broad general interest magazines to specialty publications, he adds.

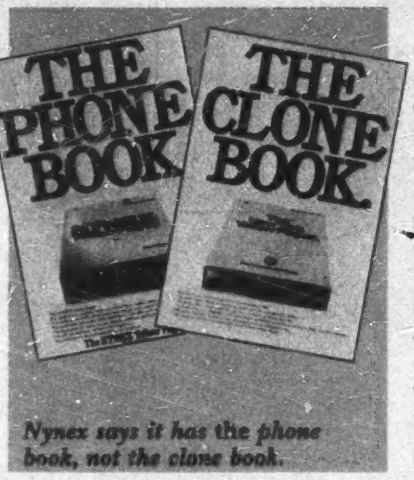
Increased competition among yellow page publishers should have the welcome effect of lowering ad rates. "Yellow page rates have been growing at about 12% per year, but we believe that the rates will come down to 8% now," predicts Richard O'Gara, senior vice president of Telephone Marketing Services, a subsidiary of Doyle Dane Bernbach, which places national yellow page ads for IBM, Michelin Tire, Audi and VW.

But any possible savings may be eaten up by the necessity to appear not only in one yellow page directory per market, but perhaps several. "What bothers us is that when they split the directories, the sum of the parts is always greater than the one. Then we end up paying a premium for both," complains Dave Dawson, director of advertising for Ryder Truck, one of the largest yellow page advertisers with a national budget exceeding $6 million. "If the yellow page medium does become competitive and cluttered, then we will have to look for alternatives," he warns. But Dawson recognizes that yellow pages would be hard to replace. "We call yellow pages the last three feet of our sale. If we were a packaged good, then it would be our shelf space," Dawson enthuses.

Fred Smykla, executive director of the National Yellow Pages Service Association, (NYPSA), the 10-year-old bureau for the medium, disagrees that the medium will become too cluttered. "If you compare it with radio, where there are numerous stations in a market, then you can see that each directory, like each station, could fill a need," Smykla points out.

The awareness and usefulness of yellow pages would be hard to replace, he continues. According to a study commissioned by NYPSA and conducted by Statistical Research Inc., 17.8% of all adults use yellow pages on a typical day, and 47.7% of those referrals result in a purchase within 48 hours. Additionally, 98.8% of all adults indicate familiarity with the yellow pages.

Yellow page publishing has become more attractive as the medium has



Nynex says it has the phone book, not the clone book.

prospered. Yellow page revenues are forecast to hit $8 billion by 1988. National ad revenues, which represent 10% of the total revenues, have grown from $161 million in 1976 to $685 million last year. Projections are for $1 billion in national ad revenues by 1990, according to NYPSA.

The business can also be quite profitable, points out John Bain, an analyst with Shearson Lehman/American Express. "The phone companies create the ads that run in the directories, but 40% of the time, they don't have to change those ads," he says. "So the editorial is provided to these publishers relatively inexpensively. Profit margins can run as high as 40%."

While money can be a powerful lure, the recently-charged yellow page publishers do not seem averse to undercutting the competition price-wise as tactic for getting a new book launched. Southwestern Bell's planned directory for Manhattan, for instance, aims to gain a leg up on the Nynex directory by combining both the business and consumer directory in one and selling it more cheaply. Nynex publishes two separate directories. Ad rates that average about 40% less than the Nynex books are also part of Southwestern's gameplan. "We don't intend to be a discount house, but we want to offer a quality book that is easier to use," says Southwestern's Parsons. The Southwestern directory, which is being advertised with radio, outdoor and transit ads as the official New York Yellow Pages through ad agency Gardner Advertising, a division of Wells, Rich, Greene, is planned to contain community information pages, zip code listings, maps and guides to products and services.

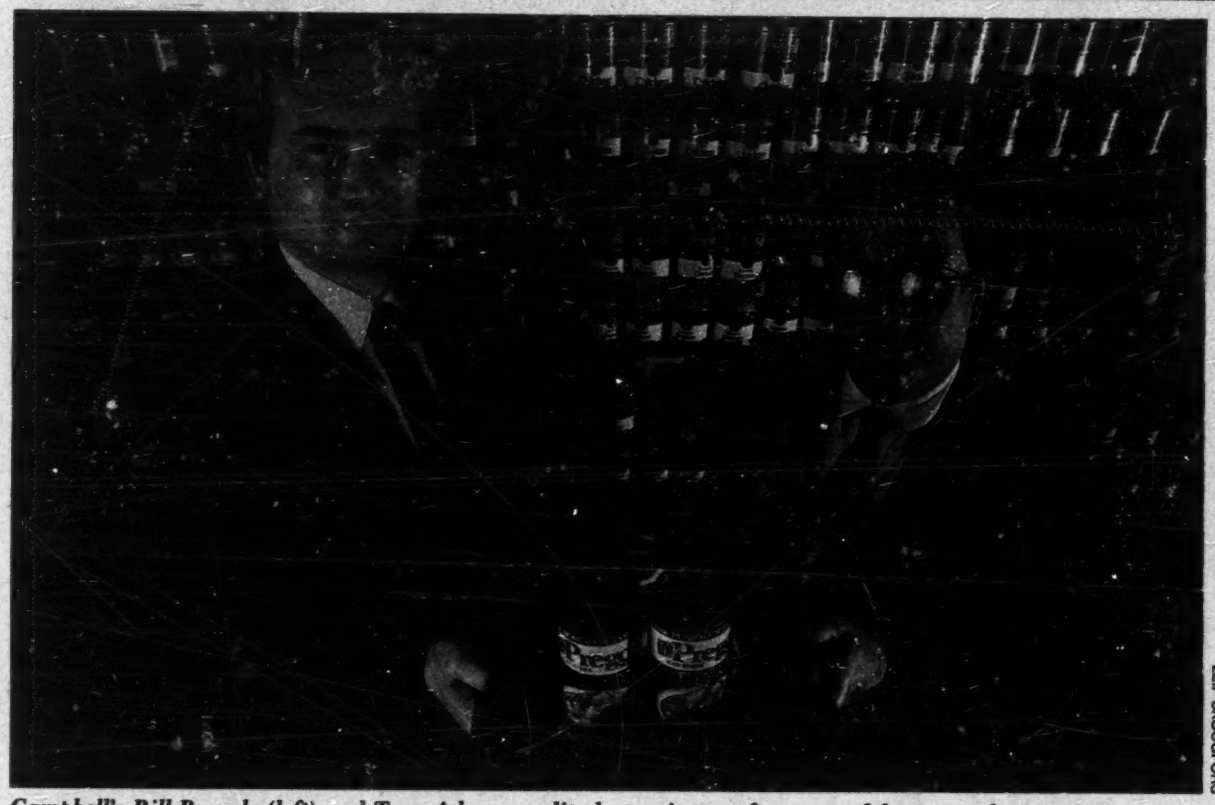
RICHARD FLYNN
DDB's O'Gara predicts rivalry will lower ad rates.

"Southwestern Bell's entrance to Manhattan didn't really surprise us. They have been very aggressive about acquisitions and their Silver Pages is another clue of their ambitions," says Nynex' Bloomfield. But Bloomfield claims Nynex is ready. "We believe we have a really strong product. Through studies we have done, we know that four out of five adults in Manhattan use the Nynex yellow pages every week. We also know that public awareness of the Nynex name has increased from 50% immediately after the divestiture time to over 80% currently," Bloomfield points out.

An aggressive ad campaign handled by Chiat/Day also boosts Bloomfield's confidence. Two-page spreads in New York newspapers plus radio and tv spots shout down Southwestern's yellow pages as merely a clone.

Retaining an official identity could prove difficult, however, because neither the walking fingers insignia nor the name "yellow pages" are proprietary. Southwestern Bell, for instance, displays the walking fingers symbol as well as the "world's largest yellow pages company" in its ads.

The ultimate judge of how well these new directory publishers will fare will be the yellow page user. With time at a premium, people will not leaf through reams of pages from competitive directories just to find out where they can get the car's muffler replaced. ■



LEIF SKOOGFORS

Campbell's Bill Boundy (left) and Tony Adams credit electronic tests for successful new products.

HOW TO AVOID TEST MARKETING TRAPS

Ten points from Campbell's marketing pioneers.

The odds against coming up with a new product winner and the extraordinary cost of rolling a brand out nationally cry out for wisdom on how not to be a loser. But even with high-tech test marketing that marketers could only dream of 15 years ago, golden success is still not certain.

Two seasoned test market veterans, Tony Adams, director of market planning and research for Campbell Soup, and William B. Boundy, manager of test markets for the same company, attest to the dangers of failing to use these new scientific tools properly.

In their joint "thesis" on how not to err in the costly and risky game of new product introduction, they track Campbell's experience with electronic test marketing and define just how to avoid some of the mistakes this well-respected marketer has made itself.

Rebecca Fannin

Even with more precise methods of forecasting, big product winners are the exception rather than the rule. Nielsen data (Table 1) show the success ratio has fallen from 53% to 35% in 15 years. In addition, Dancer Fitzgerald Sample data (same table) demonstrate that of more than 9,000 new products introduced since 1970, only 1.4% achieved $15 million in sales or better.

Yet the astronomical cost of new product introduction beckons for ways of better gauging the success rate. Attempting a national launch with less than $20 million probably dooms an entry to vanish without a trace.

At the same time, however, the slow U.S. population growth rate means that

any company depending solely on mature products is bound to go downhill.

Despite these hurdles, Campbell has mounted an aggressive new product program and has amassed the kind of record that would qualify it for a sort of new product Hall of Fame. (See Table 2, illustrating the top 17 new brands since 1970.) Campbell's track record is maintained by heavy reliance on electronic test marketing. Currently, 80% to 90% of Campbell's testing is conducted through new technologies in contrast to the period from 1969 to 1982 when only nine out of 42 tests were electronic.

Established products, too, also stand a better chance of retaining sales volume since the advent of electronic test marketing. A BehaviorScan test of alternative advertising campaigns led to the current "Dinner with the Swansons" ad campaign, which has helped to reverse the brand's downward trend. (See Table 3.)

Scanner-based tests, in addition, have enabled Campbell to run fairly complicated designs that would either have been impossible or prohibitively costly. For example, in one four-market test run over a 14-month period, both established brands and new products were in the mix while at the same time two advertising tests and three new product tests were being conducted.

One other especially important thing Campbell has learned is that in this era of efficiency in spending every dollar, electronic testing can make all the difference. In one case, where diary panels versus electronic costs of running a standard mini-market execution were compared, the savings amounted to $150,000. That translated into the ability to run five tests for less than the price of three traditional ones.

But Campbell admits, however, that there is a lot electronic testing will not do, and a lot of mistakes that can be made through careless use. Based on Campbell's experience (and the company admits it has made plenty of mistakes) and that of its suppliers, here are ten guidelines to help prevent future mistakes.

This list applies to both traditional and electronic test marketing.

Table 1

NEW PRODUCT SUCCESS ACHIEVEMENTS SHRINK AS CRITERIA TIGHTEN AND AS TIME GOES BY

Source	Date	Criteria	Success Ratio
A.C. Nielsen	1962	Rolled Out of Test Market and Achieved 50% Distribution	63%
A.C. Nielsen	1971	Rolled Out of Test Market and Achieved 50% Distribution	42%
A.C. Nielsen	1977	Rolled Out of Test Market and Achieved 50% Distribution	38%
Dancer, Fitzgerald, Sample, Inc.	1980	$15 Million or More in Retail	14%

Table 2

TOP 17 BRANDS SINCE 1970

Brand	Manufacturer	Annual Retail $ (millions)
*Lean Cuisine	Nestle	$
Chunky Soup	Campbell	110
Minute Maid Refr. Orange Juice	Coca-Cola	280
*Le Menu	Campbell	90
*Prego Spaghetti Sauce	Campbell	90
*Yoplait Refrigerated Yogurt	Nestle	200
*O'Grady's Potato Chips	Frito-Lay	200
Pringles Potato Chips	Procter & Gamble	90
*Citrus Hill Refr. Orange Juice	Procter & Gamble	180
Bran Buds	General Foods	140
*Budget Gourmet	General Foods	150
*Egg Beaters	Fleischmann	140
*Cheerios Honeynuts	General Mills	130
*Dinner Classics	Armour	90
*Kraft Light Done Right	Kraft	90
*Kool Aid Sugar Free	General Foods	100
*Swanson Hungry Man Dinners	Campbell	90

*Represents new brands introduced since 1980.

SOURCE: Campbell Marketing Research

1) *Don't test what you can't execute*. The most common reason for roll-out results not living up to test is failure to implement the test plan.

2) *If you change the test plan, be sure to change the test objectives as well*. Test marketing is a learning experience, but never forget that tinkering with any one element can affect the whole.

3) *Don't load the dice*. There is a great temptation to front-load advertising and promotion spending, in the (vain) hope of getting a quicker reading. It just won't work. The electronic media haven't shortened the time required to make an accurate forecast.

4) *Don't smother the baby with attention*. Over-attention confuses the desire to make the product a success with finding out *if* it is a success. The symptoms include: frequent field visits to tell your own people and trade how "important" the product is; atypical sales time spent in making the product more available; and the ad agency attempting to secure test markets with above-average tv coverage.

5) *Don't set up unrealistic in-store conditions*. Extra facings, displays and eye-level stocking simply aren't going to be matched nationally.

Table 2

SUCCESSFUL TESTS BRING BIG PAYOFFS

"DINNER WITH THE SWANSONS" COPY VS. "GOOD SQUARE MEAL" COPY AT THE SAME SPENDING LEVEL

	% Improvement
Test (48 Weeks)	+13.9%
Real World (24 Weeks)	
Regular Dinners	+18.3%
Total Swanson except Le Menu	+ 9.6%

6) *Don't change objectives to fit the results*. (Cases of serendipity do occur; otherwise penicillin might never have been discovered.) More likely, if somebody changes the rules after the data are all in, he or she is trying to salvage a lost cause — or worse yet, didn't have the objectives clearly in mind to begin with.

7) *Don't pick inappropriate test markets*. This one may sound elementary, but believe us, it can happen. You probably wouldn't locate an orange juice test in Florida, or one for a soap right under Procter & Gamble's nose; however, subtler examples of this error are not infrequent. Picking the right test markets requires as much intuition as science. There was a movie shortly after World War II called *Magic Town* in which Jimmy Stewart played a pollster who discovered the absolutely typical American town. There aren't any magic towns these days.

8) *Don't test market in the wrong season*. Products introduced out of season are difficult to project in a single six-month interval. Adhere to the appropriate seasonal introduction or, alternatively, extend the forecast time.

9) *Don't fail to conduct consumer research*. Sales statistics and forecasts are fine. But without any qualitative information shedding light on why people bought the product, you're not going to know how to exploit its full potential.

10) *Don't forget human nature*. Realize that although measurement is faster and more precise, human nature is still the same. Getting readings of awareness, trial, and repeat may take as long as ever. ■

HOW TO PICK THE BEST NEW PRODUCT LABORATORY

Ira Weinblatt, senior vice president of Dancer Fitzgerald Sample, explains how difficult and critical it is to choose test markets that will not just guarantee success of a new product, but will tell the truth. Detailing how DFS selects markets for its recommended list, Weinblatt proves this selection process is no simple task. A DFS market must meet several standards.

1) The number and type of media availabilities must be comparable to the national average for each medium being used. For example, testing a tv plan in a one station market is dangerous. Different reach/frequency patterns will show up than in the normal multi-station market. Similar problems arise in testing a magazine plan entirely in national Sunday magazines because of a lack of magazine vehicles.

2) There should be a minimal amount of media spill either out of the market from originating media or into the market from neighboring cities. Not only is spill wasteful, but it can complicate delivery of audience coverage. DFS won't go into any market with more than 20% of the signal going into or out of the test market.

DFS' Ira Weinblatt

3) The market population should be neither too large to be considered atypical nor too small to be truly measureable. For DFS, this means no smaller than 125,000 and no larger than 1.5 million. The critical demographics should also ideally be within 20% of the U.S. averages.

4) Local media costs can't be exorbitant. Otherwise, it will be eliminated automatically. In addition, the media in the test market has to have a good record of strictly adhering to marketers' schedule of ads.

5) Sales development of a product should closely correspond with national sales performance for the category.

6) Finally, be prepared to explain to the new products manager, who will have to make frequent trips to the test markets, why New York, Los Angeles, San Francisco, Denver, Phoenix, Miami and New Orleans won't be in their flight plans. ■

skew (115 usage index in pay homes vs. a 95 media delivery index in pay homes).

Step IV. To correct this, the Nielsen Cable Activity Report must be analyzed next. All ad-supported networks should be analyzed to determine which of them, if any, *over-deliver* in pay homes. Not any basic network will do, since most over-deliver in basic and under-deliver in pay. This step may take some time because the individual pay/basic ratings must be broken out manually. You should use the CAR report closest to your planned flight dates since the outcome will differ from quarter to quarter.

Step V. You will now know which basic networks you could use. It is then a simple matter to cost them out (at different budget levels) to determine for X dollars spent on Y network, the return is Z% more GRP's in pay homes than basic homes. You will then have an idea of which networks to purchase, and you will be able to calculate how much cable money to spend to reach the +15% GRP goal in pay homes.

You must of course temper the results of your analysis with the real world. The networks which over-deliver in pay may not make sense against the specified target (i.e., MTV against men 35+). Efficiencies or availabilities may also preclude you from selecting one or more of the "desired" cable networks.

In conclusion, it is only through much analysis that correct funding and proper cable network selection can be understood. ■

MAGAZINES

by Stephen Jacoby

Vice president, associate media director, Ammirati & Puris/New York

NEGOTIATING RATES — WHAT'S NEXT?

To media professionals dealing with the magazine industry, everyday seems to bring something different in regards to a fairly recent phenomenon in our business — rate negotiation. Some magazines will, some magazines won't. Other magazines are willing to "talk" (and once at that point, you know they're going to deal). There's a covert, suspect feeling about it all — very different from broadcast negotiation.

I heard a story last week in which two different media groups within the same agency paid substantially different rates for the same special issue of a publication. Certainly this is the way of the world in the broadcast business. However, this way of dealing with magazine rates has got everyone guessing which way the industry is going and, even more importantly, which way the industry *should* be going. There are some fundamental issues that get raised here.

For the past several years, advertisers and advertising agencies have put pressure on the networks to control their rates. Largely they have been unsuccessful. Now the pressure is being put on the magazine industry to lower their rates, and the business seems to be bending.

I believe this is short-term thinking. With television getting an estimated 21.8% of the advertising dollars in 1985 and magazines getting 5.7%, pressure should still be leveraged against the networks — this is where the greatest advertiser savings result will be realized anyway.

Continuous pressure is placed on the media planning community to find and negotiate the best possible rate. In 1985, an estimated $96 billion dollars was spent in advertising, over $20 billion of that in television and $5.5 billion in magazines. Television wins out five to one. Now look at the picture with cost per thousand trends in relation to Gross National Product (GNP) and Consumer Price Index (CPI) trends. (See chart below.)

The real offender and cause of eroding media dollars is broadcast, but we

U.S ADVERTISING MEDIA COSTS INDEX

Cost Per Thousand (Base =1980)

	GNP	CPI	Network TV	Spot TV	Newspapers	Magazines	Net Radio	Spot Radio	Direct Mail	Outdoor
1985	148	130	153	155	128	146	157	148	129	157
1984	139	126	151	148	146	136	148	138	120	140
1983	126	121	134	133	134	131	137	128	123	136
1982	117	117	123	123	123	118	124	119	122	124
1981	112	110	110	111	112	109	113	111	112	115
1980	100	100	100	100	100	100	100	100	100	100

Source: Media Trends 1986.

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continue to put pressure on the more efficient vehicle, magazines, to take up the slack.

And as a result of that pressure we are seeing funky, "creative" rate structures which often require a planner to be a "doctor of the rate card." When one considers added business incentive plans (over a period of years), complex corporate rates, buy-six-get-one-free deals, group magazine discounts and the like, it seems to me that planners are spending more time figuring out a magazine's rate than actually designing the plan. Not only does the planner have to understand which magazines are best for our clients; he or she now needs to understand rate structures that 1) change almost weekly, and 2) are so complex it takes valuable planner hours to decipher the appropriate rate (and then hope the plan doesn't change in the middle of the year).

We are all for getting the best possible rate for our clients. What is needed, however, is structure. There cannot be so many grey areas where rates are concerned. We encourage the magazines to find and offer clearly the lowest price available to *all* of their clients, and agencies to continue to pursue covering the cost of network television. If, however, the current trend continues, I believe the magazine industry will end up hurting itself in the end. ■

RADIO

by Dennis McGuire

Spot radio supervisor, Cunningham & Walsh Inc.

THE SWITCH-PITCH

Dennis, we really have to talk about this buy!" This is a phrase that inevitably greets me a day or two after I've put a multi-market buy to bed. The speaker of course is a dis- appointed (and sometimes disgrun- . . . dare I say disagreeable?) radio salesperson who has just been shut out. The quest of the salesperson is to convince me that I made a mistake in not utilizing the rep's station. This is no small feat to accomplish since, in essence, the salesperson is telling me, "You're wrong." I have a low threshold for criticism after an involved buy.

The switch presentation must be handled in the best possible way so as not to alienate the buyer. Let's look at the situation from the perspectives of the station sales manager, the salesperson and the buyer (a media "Rashamon," if you will).

The sales manager: The sales manager is most removed from the situation and depends almost entirely on the input he receives from the salesperson. Sometimes the manager gets involved in the negotiating process. But by and large, this is unusual and the salesperson is the primary contact. The rep may report periodically on the status of the buy and the negotiating developments that have ensued. And if it's a matter of a loss, the rep may vacillate a few days before reporting the shut-out to the sales manager. Eventually he finds out and after some hand-wringing (depending on the potential dollars lost) he instructs the salesperson to re-pitch the station in the hopes of salvaging some of the business.

Now in this drama the sales manager cares the most. His station budget is based from revenues that contribute to his budgetary goal. The manager doesn't care if the salesperson scored in nine of a possible 10 markets up for business. He's only concerned about his station and preventing further losses, and rightly so.

Now we come to an all-important point. How viable is the station as a broadcasting vehicle for the client's business? This viability is measured in terms of costs, formats, qualitative data

children at home to support.

Magazines also have responded to the growing number of women in the work force. Since 1976, three publications — *Working Woman, Working Mother* and *Savvy* — were created specifically for women who work outside the home. Also, most of the Seven Sisters publish columns and/or major articles geared to women who work outside the home.

With the changes in the media, there are differences in the viewing, listening and reading habits of working women and full-time homemakers.

- Working women spend 20% less time with all media than homemakers.
- Working women read 20% more than homemakers.
- Working women listen to radio 20% more than homemakers.

The increased radio listening of working women is correlated to decreased daytime television viewing, which has fostered the growth of a midday listening audience. However, daytime television aside, women who work outside the home watch as much television as homemakers.

Another similarity between the two groups is in their magazine reading habits. Working women read an average of seven magazines a month, while homemakers read an average of five. The readership of the women's service magazines is divided fairly equally between the two groups.

Working women, however, are three times as likely to read business magazines, such as *Business Week* and *Fortune*, and twice as likely to read news or beauty publications as homemakers. In fact, women comprise 30% of the readership of business magazines and nearly 50% of newsweekly publications, such as *Time* and *Newsweek*.

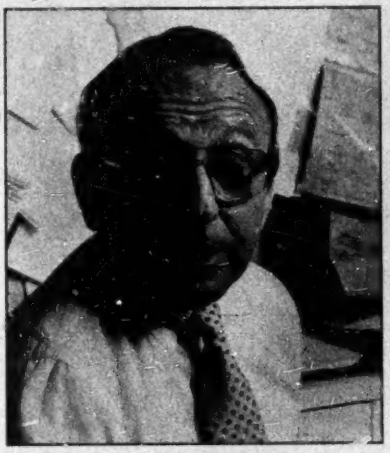
Though women entering the work force are altering their media use habits, they continue to retain many of their traditional roles. For instance, women who work are still mainly responsible for household chores and tending to the children. Television, to some extent, reflects the double-job reality of women who work for pay.

The metamorphosis of women from June Cleaver to Clair Huxtable has created new challenges for marketers. The changing roles of women who enter the work force, and the resultant changes in their media use habits, combined with the retention of some traditional roles and behaviors for many women, can create a bewildering array of possibilities for marketers. As a result, the biggest challenge facing marketers today is to find the middle ground. ■

NEWSPAPERS

by Jack Cohen

Vice president, director, print/outdoor media buying, Doyle Dane Bernbach/New York



LARRY BARNES

THE DOLLARS & SENSE OF NATIONAL AD RATES

Just two months ago, I had the pleasure and privilege of addressing the Newspaper Advertising Sales Association (NASA) membership in New York City.

At the luncheon, I expressed my thoughts on the newspaper medium and applauded newspapers for the many positive steps they have taken as a medium in the past dozen years. Some of these accomplishments are: standard advertising units (SAU's) which simplified the buying process for agencies; syndicated research which provided necessary audience demographic data; and special interest sections which created greater reader involvement.

However, we would be deluding ourselves, and certainly not facing up to reality, if we ignored the fact that from an advertising revenue position, the newspaper industry is hurting. Many advertising categories that were previously strictly the domain of newspapers have now revised their media

OUR SPORTING WEEKENDS ARE VERY POPULAR WITH MEN.

IT MUST BE OUR BAIT.

Our fishing programs weighed in with great February demos: "BassMasters" lured 4.4 million men and "Country Sportsman" caught over 3 million, making TNN's fishing programs cable TV's catch of the month. In fact, our sports programming hooked over 15 million men 18+ in February alone. All the more reason to cast your advertising on The Nashville Network. Today's country is more than music.

THE NASHVILLE NETWORK.
AMERICA'S COUNTRY HOME

© GROUP W SATELLITE COMMUNICATIONS 1986
SOURCE: A.C. NIELSEN METER ESTIMATE 2/86
M18+ VPVH 11/85 GWSC RESEARCH
FOR MORE INFORMATION CALL 1-212-557-6550.

Chart A

MAJOR MARKET NEWSPAPERS COST/CIRCULATION COMPARISON 1980–1986

Newspaper	January 1980 B&W page cost	January 1980 Circ. (000)	January 1986 B&W page cost	January 1986 Circ. (000)	Cost % change	Circ. % change

SOURCE: January 1980 & January 1986 Newspaper SRDS.

plans to include other media. Newspapers' share of total advertising dollars continues to decrease; it now stands around 50%, and the national advertising share has dwindled to approximately 8%.

From discussions with clients and other agency executives, what appears to be the stumbling block for newspapers is cost inefficiency. Very simply put, the medium has outpriced itself to the national advertiser.

Cost efficiency: To best illustrate this point, we have taken 10 daily newspapers which appear regularly on newspaper buy lists and did a "page cost/circulation growth" comparison between 1980 and 1986 (see Chart A).

In the five year period, the average cost of a black-and-white page in the 10 papers studied has increased by 111%, while circulation has only increased 12%. Regardless of what rationale newspapers may provide for this huge imbalance of heavily increased costs versus minimally increased circulation, the bottom line is an extremely high CPM and an out-of-pocket expenditure that is beyond the reach of many national advertisers.

To secure an increased share of national advertising dollars, newspapers must become more cost efficient.

Rate differential: Back in 1980 when Newsplan was introduced, space volume discount availabilities (sliding scales) grew from 91 newspapers to some 1,500 newspapers currently. We at the agencies were told this would help narrow the differential that had existed between national and retail rates. Let's take a look at what's happened in the last five-year period since the 1980 introduction of Newsplan.

What is most troubling about the rate differential is that not only does the gap continue to grow, but the greatest differential is in the large circulation newspapers which are allocated the major portion of available national advertising dollars. In some major circulation newspapers, the differential is as high as 160% (see Chart B).

There is no longer any justification for these vast rate differentials. I believe a 25% differential (15% agency commission plus 10% for reps, travel time, etc.) is fair and acceptable as a single rate structure. The timeworn excuses that retailers cannot use the entire circulation of a newspaper no longer

Chart B

NATIONAL VS. RETAIL RATE COMPARISON
PERCENT NATIONAL HIGHER THAN RETAIL

Circulation Range	1980	1982	1984	1985
250,000 +	+ 68.54%	+ 80.93%	+ 87.24%	+ 94.41%
50,001–100,000	41.61	35.49	53.66	52.89
Under 25,000	25.00	35.02	38.18	46.26

Source: American Assn. of Advertising Agencies

holds true, for in many markets retailers have the option to buy zoned or regional editions. Furthermore, major retailers not only buy the full circulation, in some instances they even buy total market coverage (TMC) packages to blanket the area.

Obviously, Newsplan has not had the desired positive effect in reducing the rate differential. The newspaper medium must now investigate other avenues.

To ask newspapers to drop their national rate by 65% — one of the suggestions offered at a recent newspaper meeting — is unrealistic and will never fly with newspaper management. We continue to advocate that the rate differential be decreased gradually by annually increasing the retail rate at a greater percentage than the national rate. This suggestion is not as revolutionary as that 65% decrease in one fell swoop, but it is evolutionary, far more practical and would meet with greater acceptance by the newspapers.

It should be mentioned that this game plan must be adapted by the medium as a whole. If only a handful of newspapers participate, this plan will meet with the same failure as in the past when several individual newspapers attempted a single rate structure.

The reason they failed previously is that national advertising is bought on a multi-market basis and, as noted earlier, newspapers as a medium must be cost efficient and attractive to become part of the media plan. It is only after the medium has been selected to be part of the media mix that specific newspaper selection begins, so as efficient as any single newspaper may be, if the medium is not being used, they're out.

The problems are severe, but certainly not insurmountable. If newspapers could only agree (and heaven knows newspaper publishers have never been accused of collusion) that national advertisers desperately need rate equalization and more efficient newspaper CPM's, we believe the newspaper medium can recapture the stature and share of national advertising dollars it enjoyed in earlier days.

It is indeed a matter of dollars and sense. It means additional ad dollars for the newspaper medium and it makes sense to national advertisers. ■

OUTDOOR

by Judith Monosson

Associate media director, Quinn & Johnson/BBDO/Boston

NEW USERS, NEW USES

Traditionally, outdoor is thought of as painted rotary boards or poster panels. The painted bulletin measures 48 feet long by 14 feet high and is referred to as 24-sheet, 20-sheet or bleed posters, depending on size. Actually, outdoor has been around since 3200 B.C., when the Egyptians engraved the walls of their temples. Outdoor continues to be a viable medium and continually adapts to the times — evolving from painted boards to electronic boards to solar-powered boards to video billboards.

The leading product categories in outdoor boards have been the tobacco, beer, wine and liquor industry. Now, with the ever-increasing cost of television, many categories are beginning to consider the use of outdoor.

This table below demonstrates that while tobacco, beer, wine and liquor categories have remained relatively stable, there has been a substantial increase in such categories as business/consumer services and retailing. According to the Institute of Outdoor Advertising, these two categories have more than doubled their outdoor spending in the first half of 1985 alone.

Outdoor provides the final link between point-of-sell and the point-of-sale. Other media are heard or viewed in the home, but the buying is done out-of-home. Outdoor is big, bold and colorful, larger-than-life, which makes

THE UPS AND DOWNS OF OUTDOOR

1984 Rank	Category	Ad Revenue 1984 (000)	Ad Revenue 1983 (000)	% Change

Source: Leading National Advertisers

an advertisement difficult to ignore.

Over the past years, outdoor creative has become even more exciting and bold with the help of board extensions. With the added size and flexibility allotted by extensions, many unique and dramatic effects can be achieved. Among those advertisers who've taken advantage of this creative option are Windsor Canadian Whiskey, Toshiba, TWA and Chrysler.

Outdoor is also flexible. An advertiser can tailor showings to reach an ethnic audience, students near a college, or provide directions to a new store location. Advertising may be placed so everyone coming or leaving your specific area can see it, or placed in the busiest traffic locations. In addition, boards may be rotated month to month to cover different locations in and around a city.

On a cost-per-thousand basis, outdoor is less than any other medium (see chart on this page).

For these reasons and more, many more products have added outdoor advertising to their media mix. Some exciting examples of this are the Nike efforts displaying athletes jumping off the outdoor boards, extending beyond the limits, and Calvin Klein's boid underwear boards, which can't help but get noticed. In addition, outdoor advertising has worked hard to keep up with the times, from electronic billboards to backlights to solar-powered signs.

A recent development in the outdoor industry is the Outdoor Network, USA. In the past, buying outdoor was like buying spot tv. Each market had to be analyzed separately. With the formation of Outdoor Network, USA, buying outdoor will begin to change.

The network is an independent group

of leading outdoor companies which have joined together and are represented by one company, Outdoor Network, USA. Together, these companies provide outdoor coverage in nearly two thirds of the top 100 ADI's. The advantage of this for a media planner is that with one phone call the Network can provide the groundwork for multiple markets, including costs, reach/frequency data analysis and research support.

Although this article has concentrated on outdoor board advertising, let's not forget there is a lot more to outdoor advertising than painted or rotary boards. Today, outdoor advertising is only limited by one's creativity. Consider the following ideas: sandwich boards, sky writing, aerial blimps in the shape of the product, aerial banners, grocery carts, buses, taxi tops and bus shelters, to name a few.

So, if you haven't considered outdoor for your client lately, maybe it's about time you did. Outdoor is constantly changing to keep up with the times. Are you? ■

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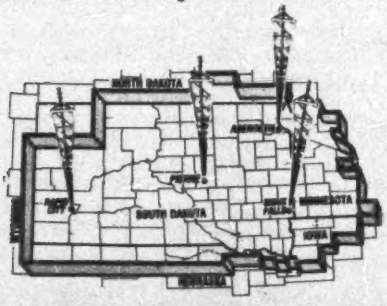

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BRAND REPORT

NO. 133: CAMERAS

SHARP SHOOTERS

by Carol Hall

Still photography's future is one whose vernacular holds no place for "snap shots" or "shutterbugging." Think instead of "electronic imaging." This future is one in which chemical-based silver halide photography — picture taking as we know it — will be replaced by the electronic, or magnetic, technology of a video camera, and it may happen as soon as 1990 or 2000.

"I think a lot of people have their heads in the sand," asserts Mark Levine, managing editor of *Photographic Trade News*. "Silver halide *will* be replaced by electronic imaging and I think it will come sooner than people think."

For now, the status quo is enough to keep the camera business clicking along. "Almost everyone is involved to a certain extent in photography," explains Ted Fox, director of marketing research at the Photo Marketing Association. It would seem that way, given the fact that about 90% of U.S. households own a camera. Last year, the industry reports, about 12 billion exposures were made, a figure that rises around 5% a year.

According to the Photo Marketing Association, U.S. sales of cameras totaled 17.9 million in 1985, a slight increase from the 17 million 1984 total. The *Wolfman Report*, a trade publication, reports cameras carve out an approximate $1.4 billion piece of the $8.5 billion photographic market. Disc cameras continue to sell the most — though most agree their future is finite — claiming a 26.8% share of the market. Rangefinders (35mm), a burgeoning segment, grew to a 20.1% share from 17.1% in 1984. They were followed by instant cameras' 18.4% market share; cartridge cameras (like the Kodak Instamatics) with a 17.9% share; and single-lens reflex (SLR) cameras with 14.5% of the market's sales. Cameras using other formats, like the twin-lens reflex and prism-finder, claimed a small 2.2% share.

There are lots of reasons why camera sales are rising. Inflation has caused the camera to be de-classified as a "splurge" by many consumers. Since 1977, the cost of cameras and supplies increased about 30%, far less than the Consumer Price Index's rise of 85% for the period. Even the fall in oil prices affects the sales of cameras. More people are likely to top off the tank and take that family car trip — a great reason to get a new camera.

One of the most important factors is technological innovation that has been geared to making better pictures easier for the average consumer to take. "Photography had always been a hobby-type business, more for artistic types," explains Harold Martin, publisher of the *Wolfman Report*. "But when it comes to selling to the mass market, you have to look at it as a commodity."

Ironically, another boon to camera

CAMERA MARKETERS' MEDIA EXPENDITURES
January-December 1985 ($000)

Company	Total	Net TV	Spot TV	Mags	Cable TV	Newspapers	Outdoor	Radio
Canon	$15,773.5	$5,980.7	$3,081.3	$4,603.9	$1,505.6	$294.8	$307.2	–
Kodak	20,503.2	18,922.9	84.0	1,116.1	16.4	319.3	8.3	–
Minolta	16,701.3	8,881.4	3,044.5	3,967.6	446.0	319.3	42.5	–
Nikon	10,479.4	5,984.3	146.5	3,821.9	316.4	78.5	59.5	–
Olympus	5,303.4	121.8	1,466.1	2,642.3	15.7	965.4	–	92.1
Pentax	4,854.5	3,791.8	4.9	1,022.3	30.5	–	–	–
Polaroid	26,237.5	20,049.3	2,714.6	2,744.2	324.9	404.5	–	–

Source: Leading National Advertisers, Media Records for newspapers. Spot TV includes cameras and joint camera/film and process advertising.

sales has come from the grey, or illegal import, market. Grey sales, which can mean a price that's 20%-40% less for the consumer, cut into authorized retail sales by 25% to 30%, according to estimates. They have brought the price of even the most expensive SLR's within reach of the average camera hound.

The drop in the early 1980's in ad dollars spent on cameras is one result of such grey market growth. "Consumer advertising had been strong until about 1981," the PMA's Ted Fox points out. As for budget cutbacks after then, he says, "manufacturers would tell you the grey market was hurting them too much." Not only did they feel it was hurting their profits, but "they felt they were supporting their own products *plus* the illegally shipped ones," Fox notes.

Yet photo advertising had begun to pick up. Part of that was due to a rash of new product introductions, but Fox thinks there's another reason, too. "It's probably the realization on the part of manufacturers," he chuckles, "that nothing sells itself." According to Leading National Advertisers, 1983's total expenditures for cameras and photographic supplies were $168.4 million. That rose to $173.2 million in 1984, while Media Records reports a $21.7 million total in 1984 in newspapers for the camera, photo supply and services category. A good deal of newspaper advertising is done, but almost always as part of a co-operative arrangement with local dealers.

Last year, by published measures, was a very soft year for camera advertising. The seven-media LNA category total for all cameras and related products and services for 1985 was $155.5 million. Media Records figures an $11.1 million 1985 newspaper total for the category — nearly half the amount reported in 1984.

Camera ads have always been marked by a certain predictability, much like consumer electronics. "I always felt marketing in the photographic industry has been marked by conservativeness; except in rare exceptions, there's been a certain sameness," says *Modern Photography* executive editor Jason Schneider. "The first rule they do not follow is that you have to get the reader's attention."

PMA research backs up this opinion. Of those queried in a recent PMA poll, 30% said their camera buys were heavily influenced by advice from friends or relatives. A camera's brand name swayed 13.2%, newspaper ads influenced 5.6% and magazine ads made a dent in only 2.9% of buying decisions.

Camera ads have always been more at home in print, and television is something of a new medium for much of this industry. While Kodak and Polaroid have always been strong presences on tv, it was rare to see the Japanese makers there. That changed with the 1976 launch of Canon's AE-1, the ultra-simplified SLR that turned that category around and gave a boost to photo sales in general.

Fueling camera sales is the growth of processing "mini-labs." These tiny laboratory/kiosks will develop a customer's roll of film in an hour — the next best thing to instant results.

But instant is what the camera's future is all about via the video camera. Marketers have seen this coming and a number have already either shown prototypes or said publicly that they are working on video cameras that will yield snaps. In 1981 Sony released its Mavica camera — prematurely, most say. Canon says it expects to roll one out soon. The cameras will enable the photographer to play back shots instantly on the tv screen. If a print is desired, a signal is sent to a separate printing unit.

But poor picture quality, especially from an expensive piece of equipment, could put a crimp in sales. Not everyone is convinced that consumers are *that* instant-oriented and convenience-conscious. "Everyone says the great American unwashed won't care," says Schneider. "But even the mass market, know-nothing amateur is still somewhat sensitive to quality."

And, he adds, "You can't carry a movie in your wallet."

Kodak spent the largest part of its ad budget on the disc camera.

DISC CAMERAS

Though disc cameras are still the biggest shutter sellers, their future is fuzzy. Last year, with sales of 4.8 million units, they claimed a 26.8% share of the camera market, having shrunk from a 1984 share of 27.1%, according to PMA estimates.

Kodak has the main share of the disc market, ruling well over 50% of the roost. While other camera makers — Minolta Corp., Keystone Camera Corp., Ansco Photo-Optical Products Corp. — also achieved some disc sales, most have hesitated to enter the market. As one observer says: "A lot of companies were scared away from disc because it didn't boom as expected." When Kodak's disc was introduced in 1982, its ease-of-use was cited as a major selling point. Unfortunately, that was confounded by the poor quality of the pictures it took.

It has subsequently been squeezed by both its lower- and higher-priced competition. Consumers in the market for an inexpensive camera often opt for the cheaper 110 or 126 cartridge models that yield photos of similar quality. And those more concerned with quality have been drawn into the 35mm rangefinder revolution, a revolution that's flooding the market with good quality, easy-to-operate cameras that cost just a bit more that discs.

Despite the nay-saying, Eastman Kodak Co. markets five disc models. One of them, the disc 3600, was launched in January and retails for around $30. Kodak also launched the tele-disc camera, which has a telephoto lens feature for making far-away objects appear larger, and says it is encouraged by its reception in the market.

"We're still very much involved with the disc business," insists Judy Francis, vice president, account supervisor at J. Walter Thompson Co. "We're not lessening dollars on the disc because the person who'd buy a 35mm is not necessarily the same person who'd buy a disc. There are," she adds, "still a lot of people who are afraid of 35mm, even afraid to touch the film."

While Kodak says that, at the time of this writing, the media plan is not yet firmed for disc advertising, a spokesman reports that the disc budget will support the disc 3600 and teledisc. Ads, continuing with the "We're gonna get you with the disc" slogan, are expected to be placed on network tv in the second and fourth quarters, and run in daytime and "high-rated" prime time slots. Cable, the company says, will be used heavily, especially MTV and CNN, with some on ESPN. Print ads will also be run for the cameras and in the same quarters, too. In the fourth quarter, they are slated for books like *Woman's Day*, *Family Circle*, *TV Guide* and *Readers' Digest*, and will push the cameras as gift-giving suggestions.

LNA reports company expenditures of $19.9 million on disc cameras for 1985, including joint camera/film advertising. Media Records does not break out the disc.

The disc camera is very much a mass market item and the demographics of its users are predictably wide. They range from young children to elderly adults. Of those employed, a large portion of them tend to have blue-collar jobs, at least a high school education and incomes in the $10,000-to-$17,000 range — low enough to make the price point an important part of the buying decision.

RANGEFINDER CAMERAS

Rangefinders that use 35mm film, says Harold Martin, "are where most of the action is." Indeed, this breed of camera is credited with inspiring a new wave of interest in photography among American consumers.

Though the cheapest are somewhat more expensive than other point-and-shoots, notably the disc, these rangefinders, or lens shutter, cameras are every bit as easy to use. In addition, the 35mm film they use guarantees snaps of vastly superior quality.

In 1983 sales of 35mm rangefinders overtook SLR's for the first time and they haven't looked back since. Total unit sales for 1985 are expected to have reached 3.6 million units, according to PMA, a jump from 1984's 2.9 million total. The cameras' market share should show a gain, too, rising to 20.1% in 1985 from 17.1% in 1984. Prices range of $50 to close to $200.

In 1983, 35mm rangefinders overtook SLR's and haven't looked back since.

The 35mm rangefinder market at-

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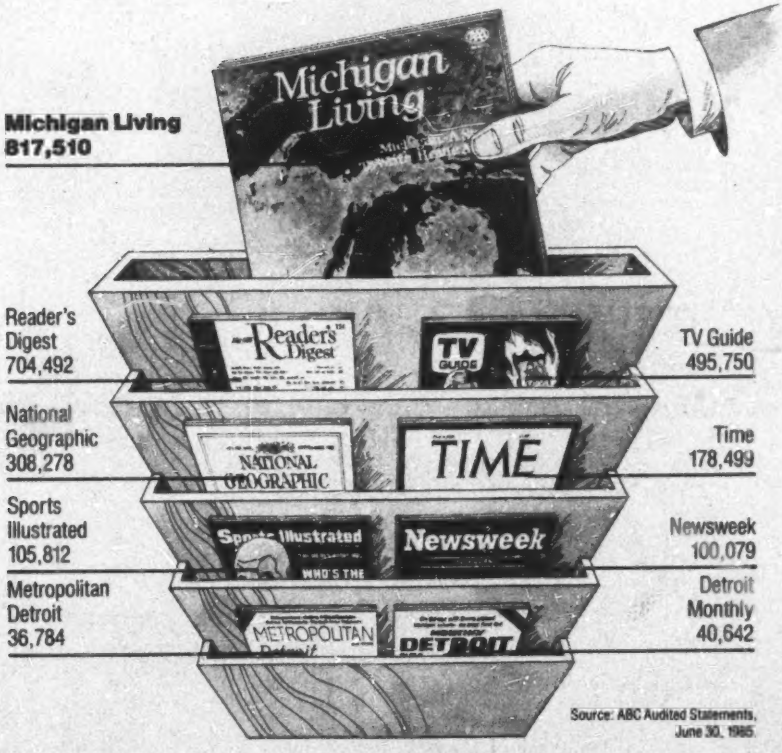

tracts two kinds of consumers. There are the everyday shutter-bugs who want better pictures than they get with their non-35mm cameras, but still want the ease of use. But SLR users come into this camp, too. Rangefinders are good snapshot cameras and are a lot easier to carry around than SLR's. And while many shooters wouldn't dream of taking their SLR on a raft trip or to poolside, the new weatherproof rangefinders are made for that kind of use.

Kodak will make a big push in the 35mm arena in 1986.

While the market is witnessing new rangefinder introductions from almost every direction, perhaps the biggest name in new product news is one that's not among the top five shareholders: Kodak. Back in the 35mm arena after a 16-year absence, the Rochester-based giant launched two Japanese-made models in January (see *M&MD*, April 1986, pg. 55), and is backing its efforts with an ad budget that some put at over $20 million. Time will tell.

The current top five marketers of rangefinders, whose combined share accounts for about 80% of the market according to one manufacturer, rank in the same order as for SLR's.

Canon claims to have a 38% share of the non-SLR 35mm market, though outsiders say a figure in the high 20's is more likely. It currently offers seven lens shutter models with list prices, always well above the actual retail price with any camera model, ranging from $90 to $240.

Three of the models are new within the last twelve months and are aimed at broadening the bells-and-whistles options for consumers. The Sprint is billed mainly as a fully automatic camera at a moderate price. But the waterproof Aqua Snappy is capable of underwater photography and is referred to by the company as a "snorkeling" camera. The Snappy S, primarily aimed at young photographers, comes in four "fashion" colors: orange-red, green, yellow and black.

Specialized models open up the hobby to new markets.

In the lens shutter category, Canon's ad dollars are going behind these three new entries. DYR Inc. handles the print advertising for Canon's cameras (though it does tv work for other non-camera Canon products) and Grey Advertising has the tv campaign for cameras. Sprint's target is aged 25-44 years, with an income of $25,000 plus, with at least a high school diploma. Print ads for the model are placed in books such as *Glamour* and *Sport* magazine. The Snappy S appears in *Life* magazine only, in multiple insertions. The Aqua Snappy, geared to a more active audience, shows up in *Boating, Outside, Skin Diver, Sports Illustrated* and *Outdoor Photography*, among other books.

Tv pitching is handled by Grey Advertising Inc. Canon's lens shutter ads are seen on early morning and late night network slots. Buys include *Today* and *Good Morning America*, as well as *Tonight* and network movies.

Canon's total camera budget, according to Leading National Advertisers and Media Records, was $15.8 million for 1985, though estimates push the 1986 total higher.

Second-ranked **Minolta** also offers seven lens shutter models, ranging in list prices from $105 to $263.

While its fully automatic SLR, Maxxum, receives most of the attention, the "mind of Minolta" has come up with some new rangefinders, too. The Talker, for instance, contains a voice synthesizer that tells the user

There's no business like the mature market business!

25% of our readers own 3 television sets, 38% own a 35mm camera, and 54% own an electric food processor.

50plus

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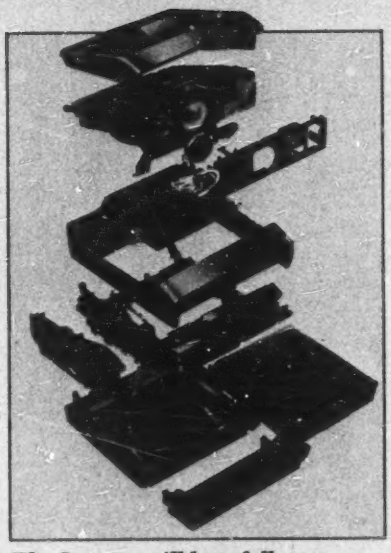
enough." Campbell-Mithun Inc. is the agency.

The company's ad budget, he reports, totaled about $6 million last year — nearly $10 million if you fold in co-op newspaper dollars. He says the budget will increase for 1986, but that the distribution of it may be different. "We have to decide if we're more dealer-driven or consumer-driven." Whereas now the dollars are more heavily spent advertising to consumers, that may change this year, ending up with a 50-50 split, he says.

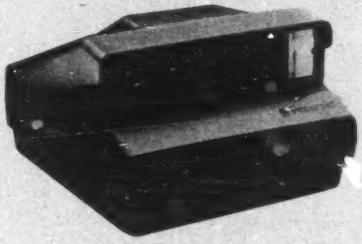
CARTRIDGE CAMERAS

Though other companies, Minolta included, make cartridge cameras, it is, says one observer, "pretty much a Kodak business." And even though sales of cartridges are declining, most agree Kodak won't drop its models any time soon because they still result in sales of Kodak film.

The company doesn't do any advertising for their 110 and 126 models because, as a spokesman says, "they just keep selling." Though the cartridge's market share has been falling, reaching 17.9% in 1985 from 18.8% in 1984, it's still the fourth-largest camera category. Some think disappointment with the disc has kept cartridge sales as high as they are.



The Spectra will hopefully put some jazz back into the instant category.



INSTANT CAMERAS

Instant photography, an awe-inspiring technology when it was introduced in the 1940's, has continued to lose market share over the last several years. It fell in 1985 to 18.4% from an 1984 share of 20.6%. Part of the problem is that instant film is expensive, costing the snapper about $1 a shot. And despite the fact that David Hockney's instant snaps are called art, average consumers still are disappointed by the print quality.

Polaroid Corp. took delivery of 100% of the instant photography market last January when a court ruling barred Kodak from continuing to market its instant line. It isn't wasting any time trying to put some magic back in the instant image. Until this spring it marketed four models to amateurs (Polaroid has a separate line of cameras it markets to professional photographers

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Source: 1985 Simmons – Scarborough Study

The Milwaukee Journal
Milwaukee Sentinel

and industrial users). This April, however, Polaroid launched a media blitz to push its new Spectra, the camera it hopes will turn instant's fortunes around. The camera, which retails for about $200, produces a bigger picture and one that the company bills as equal in quality to a 35mm print. Polaroid also boasts a new laser-scanning printing technique for making reprints of the new instants. In addition, the Spectra comes with its own line of do-dads like special effects filters.

"When you bundle all this together," says Peter K. Eichorn, national vice president of marketing, "it's allowing us to appeal to a different segment of the market, the person who is more upmarket. We've been missing these people." The target market is 25- to 44-years-old, with incomes of $25,000 or more and people who, if they own a camera, most likely own a 35mm rangefinder. While sales of their other four models are largely 60%-40% female/male, Polaroid thinks Spectra's buyers will be more than 50% male due to the price point.

With tv ads that feature *Chariots of Fire* star Ben Cross, the company is expected to throw $40 million in ad money behind Spectra over the next twelve months. Last year's ad expenditures, for all models, totaled $30 million, Eichorn says. The initial push is referred to at Polaroid as "The First Hundred Days," he says. "The object of it is to make sure everyone who walks and breathes knows there's a new product from Polaroid."

The blitz includes a road show featuring Spectra demonstrations at malls and conventions. Tv ads will be exclusively network buys and include *Miami Vice, Moonlighting, The Cosby Show, Dynasty* and *Hill Street Blues*. Print buys include the *Wall Street Journal, USA Today, Time, Travel & Leisure, Vanity Fair, Southern Living, Omni, New Yorker, CEO* and all the buff books. Billboards will appear in key markets. The ads are from BBDO International Inc., new on the account as of Christmas 1985.

Eichorn says he expects Spectra to cannibalize sales of the 680, an older model that sells for more. Sales of the other models, all less pricey, should hold steady, he says. "We really see that there are two separate segments to this business." And even though the marketing efforts are largely going towards Spectra, the "halo effect" should be good for the entire line.

To reach its target, Polaroid will spend $40 million on ads over the next 12 months.

SINGLE-LENS REFLEX CAMERAS

"SLR's are going the way of the rangefinders," notes Pentax's Monti. "They're becoming more simple, going more for the mass market." But it wasn't until recently that many people even knew what an SLR is.

In 1976 Canon singlehandedly turned around the 35mm SLR market with the launch of the AE-1 and its

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The T-90 is aimed at the pros as well as the serious amateur.

accompanying marketing strategy. The camera itself was light years ahead of other SLR's in the market in terms of ease of use. But perhaps as important was the fact that Canon decided to announce its innovation on network television. Until that time, very few camera marketers used tv. Canon and its "So advanced, it's simple" slogan, helped propel the SLR market, which has grown about 400% in four years. It now claims a 14.5% share of the camera sales.

In January 1985, Minolta took the SLR market, which had begun to flag again, to new heights with the Maxxum. Now, autofocus is the trend that most manufacturers must follow. Aside from their relatively steep price tag, they put SLR technology within reach of everybody because they do everything, even focus, for the shooter. SLR's racked up approximate unit sales of 2.6 million in 1985, according to PMA.

Canon leads the market in SLR sales, claiming a 35% share. Though it markets six models, most of its support is behind the new T-70 that the company calls a "computer age" SLR. Its choice of ex-football coach John Madden as the new T-70 spokesman is in sync with Canon's sports image. This model, as with Canon's SLR's in general, will be advertised primarily on sports shows and run on the networks and spot tv. Cable slots will be bought, too, in six major markets.

Canon's AE-1 singlehandedly turned around the 35mm single-lens reflex market.

The T-90, new last January, has an automatic focusing feature in the lens, not the camera body itself, and so doesn't qualify as a true auto-focus. A more complex camera that is aimed at the professional and serious amateur, Canon feels it calls for a talky fractional ad. Print buys, therefore, will be in buff books, but also upscale consumer magazines: *American Photographer, Modern Photography* and *Petersen's Photography, Smithsonian, Sports Illustrated* and *Omni*.

Though LNA and Media Records reports Canon spent $15.8 million on cameras and accessories the first nine months of 1985, observers say the

"I SAW IT ON THE RADIO."

Where else?

Can 5,000 berserk bananas stampede down Main Street? *Sure.*

There's plenty of running room on the radio for whatever's running around in your head. And the best part is that no one will ever thunder: "It's not in the budget!"

Get creative and show your stuff with the power of sound. Then everyone will say:

"I saw it on the radio."

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Pentax, with 15% of the market, plays up the picture possibilities.

company put $10 million behind just one SLR model, the T-80, last year. This model, along with the T-70 and T-50, is aimed at a wider group of consumers. Print ads for them appear in *Omni*, *Money* and *Tennis*, as well in in-stadium programs (the NBA's *Hoop*, *Game Day* from the NFL and the NHL's *Goal*).

Minolta markets six single-lens reflex models, including the auto-focus star, Maxxum. The company says it has 20% of the SLR market. Minolta reportedly put $15 million behind Maxxum alone last year and is expected to do the same this year. Sales of the camera, introduced in January 1985, have been so good that estimates give it a 10% share of the SLR market. "It took courage for Minolta to do this because the company wasn't doing terribly well before the introduction," Jason Schneider points out. "It could have crippled the company."

The bulk of Minolta's SLR marketing push is behind Maxxum, which is aimed at an audience that's 75% male, college educated, aged 25-34 years and earning at least $35,000. Ad dollars are mostly spent on tv sports programs, where it thinks its "Only the human eye focuses faster" campaign from William Esty Co. will be most effective. The Maxxum is pitched as the ideal sports/action camera due to the auto-focus feature, but that is the source of one of the few complaints about it. Users have noted problems with the camera's auto-focus being able to keep up with an object.

"Products in the photo industry don't come out overnight," says **Nikon**'s Richard LoPinto. "The typical SLR takes three to five years to develop — Minolta surprised the industry." But Nikon has caught up. It's got an auto-focus of its own, making it the second marketer to have one.

The new 2020 was rolled out in April and targets the serious picture taker. Its audience, says LoPinto, is split nearly 50%-50% male/female, with an age range of 18 to 50 years and a median income of $25,000.

The 2020 and the Nikon 2000, new about a year ago, will be marketed most vigorously of all the SLR's. But they won't be on tv, says LoPinto: "purely a budgetary consideration" due to grey market and exchange rate pressures. There will be an extensive print campaign, to include all the buff books, for the two models, as well as ads that pitch the Nikon line of SLR's as a whole. The 2020 may show up in some upscale consumer books, too. The Nikon F-3, pitched to professional photogs, will be advertised in more targeted books like *Professional Photographer* and *Photo District News*.

The OM-PC, the new **Olympus** SLR introduction that features a sophisticated light metering system, will get most of the company's marketing attention this year. It will be pitched on early morning tv as well on selected cable spots like the Stanley Cup Playoffs that are high-profile but easier on the budget than network slots. Print buys will include fan books like *American Photographer* and *Modern Photography*, as well as a college-market publication, *Lens On Campus*. Consumer books are part of the strategy, too; ads will appear in *National Geographic*, *Sports Illustrated*, *Newsweek*, *Life* and *Money*, among others.

There's a shadow over the status quo: video imaging.

The top of the line OM-4 and the OM-2 lines will be advertised in buff books.

Pentax says it holds a 15% share of the SLR market with its eight models. The company introduced two new ones in 1985: the upmarket A3000 and the more bargain-priced P3.

SLR advertising is all print-based. The company won't disclose any publication titles but says the bulk is going to photo books. The target audience is nearly 80% male with a wide income range because Pentax's SLR's vary considerably in price. ■

Minolta's Maxxum, with auto-focus, took the industry by surprise and helped revive the company's image.

ECONOMIC EYE

CONSIDERING CABLE

"All the fundamental signs for the business look very good, and I don't think there's been any change in that over the last couple of months," says Mary Kukowski of the cable industry, which she covers for Kidder Peabody & Co. Inc.

The most fundamental development for the industry over the long term will be the deregulation of basic cable rates in 1987. That year most cable companies will be able to set consumer rates for basic cable service without having to gain approval from municipal authorities.

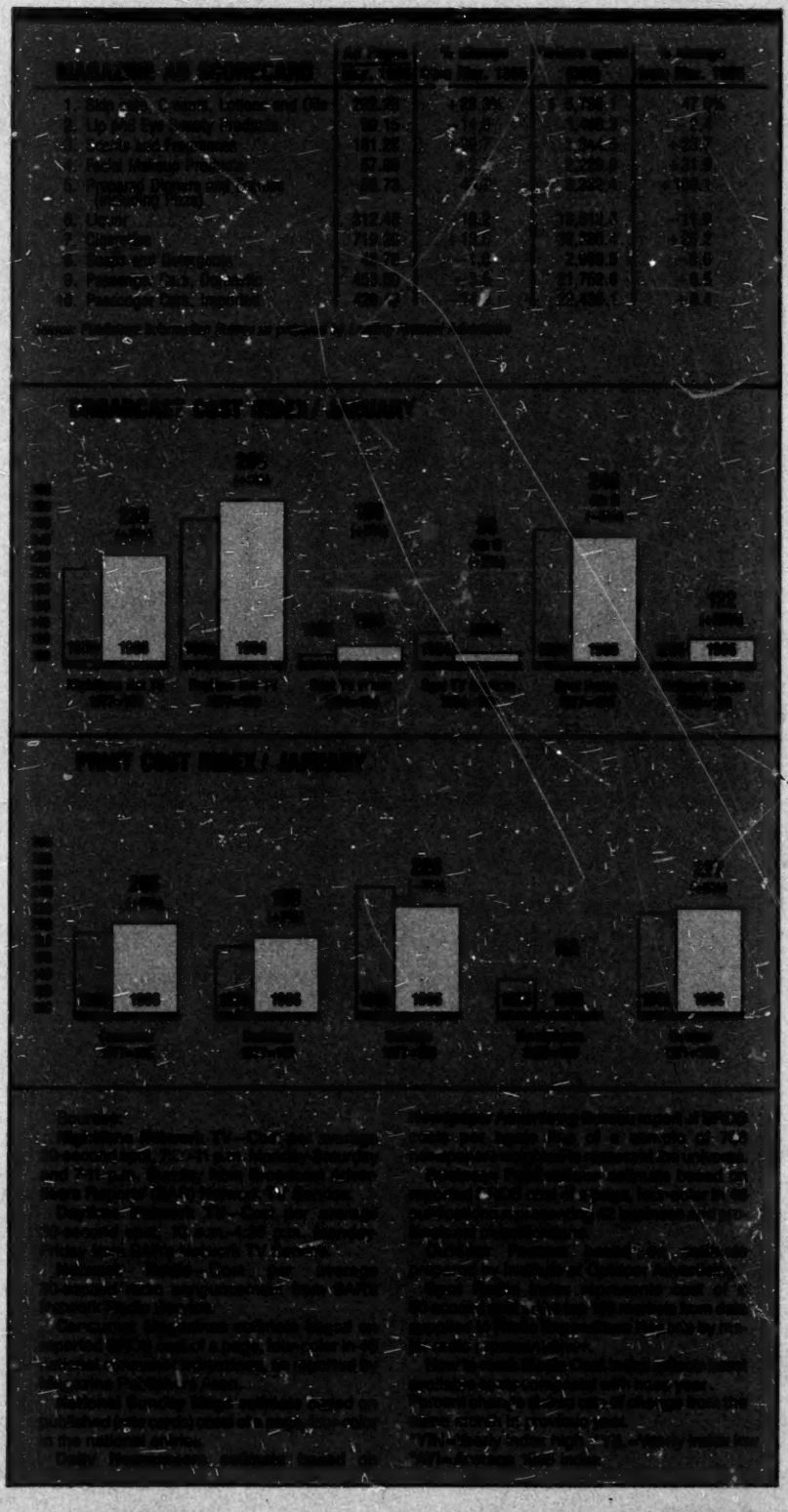
"For most of these companies, 1986 should be a moderate growth year leading to the 1987 year," when those inside and outside the industry are looking forward to the new regulatory environment, says Kukowski. She projects industry revenues will increase 13.6% to $10 billion this year.

Over the next six to 12 months, she explains, the industry will benefit from declining interest rates: "These companies are very highly leveraged, so a decline in interest rates affects their cash flow fairly significantly." In addition, cable stocks should continue trading at higher valuations than in the past because of an emerging consensus that neither the backyard earth station nor the VCR really pose a threat to the industry.

And "for the long term, we think they're pretty much out-performers and a very attractive business," she explains, citing the prospects for both local ad sales and pay-per-view programing.

Kukowski feels ad sales will not "be a blockbuster business for these systems — I would view it instead as an incremental source of revenue." The low cost of getting into spot sales should insure that much of the revenue makes it to the cash flow line, she adds.

Rich Zahradnik



IS YOUR CAREER ON TRACK?

THE CHECKPOINT SYSTEM

In our experience, a marketing professional's posture with regards to career management should be pro-active rather than re-active. The idea of establishing goals allows marketing managers to orchestrate their careers more efficiently towards the ultimate goal — general management.

One of the first "checkpoints" can occur relatively early in a marketing person's career. A good percentage of marketing managers begin their professional lives at one of the dozen or so marketing training companies (Procter & Gamble, General Foods, General Mills, etc.) where "classes" of newly-minted MBA's come in as marketing assistants. After several years of marketing training and experience, these individuals should assess their situation to decide if they should continue investing their time and talents in that organization.

HARRIS HEERY CAREER GUIDELINES

Position	Age
Marketing Assistant	24
Assistant Product Manager	26
Product Manager	28
Senior Product Manager	30
Group Product Manager	33
Vice President, Marketing	38
General Management	43

Among the factors to be considered at this junction are a) where one sits in the seniority "pecking order"; b) a realistic appraisal of the number of possible promotion opportunities and whether the time frames are acceptable; c) satisfaction with the particular corporate structure, climate and chemistry, current compensation and geographic location.

The first checkpoint is really a period of constant review beginning after the first promotion to associate product manager. "Am I better off to make a move now or is it in my best interests to move after I have reached the product manager level?" For some the answer is to stay put, but whatever the decision, the rationale is the same. "If I leave this company, I leave knowing I will become a product manager at either place, but my opportunities of becoming a group product manager at the alternative company are considerably stronger." Only time will tell if that perception is accurate.

The next "checkpoint" for marketing professional is probably four or five years later when, again, the person needs to decide objectively if the number and type of favorable opportunities exist for them in their present company. "What are really the possibilities of becoming a director and/or vp with this company?" It is at this point where the goal-oriented manager or group manager makes the determination that his or her current company does or does not fit into the overall game plan. This strategy continues on up to the president or CEO level for the most basic of reasons — the pyramid gets continually narrower toward the top. "Am I managing my career or is my career managing me?"

These checkpoints are not intended so that an individual waits complacently wearing blinders while events swirl around him or her. Changes in management, financial fortunes, the status of the company can significantly alter a person's prospects for the tomorrows. Unique and unexpected opportunities can surface and demand consideration. This is a time for careful judgment.

Essentially we believe that a person's posture in career management should be comparable to how they approach managing the businesses they work on. Short-term objectives and strategies are determined by the overall business plan. An approach such as this increases one's odds of making better business decisions. The same is true with career management. After all, marketing professionals are dealing with the most important product they can manage — themselves.

William J. Heery is a principal of Harris Heery & Associates, a Darien, Connecticut-based executive recruiting company specializing in marketing.

OUR READERS TELL US . . .

Recently, Harris Heery & Associates, an executive recruiting firm, released its career-measurement guidelines for consumer marketing professionals. Research USA, Chicago, polled our junior-level readers to see how these guidelines correspond with their own expectations.

1a) ADVERTISERS: Assume you are a 24-year-old MBA graduate who has just landed a spot as a marketing assistant. At what age do you hope to achieve each of the following titles? (Base = 88)

STAR GAZING

I would like to call this article "Star Gazing," which is a response to the Harris Herry commentary regarding "Is your career on track?"

It's apparent today that most people are having trouble finding professionals who meet their qualifications. Therefore, today we have to look for the stars. Now, it's very difficult to speculate on whether or not there are loads of people around who fit that bill and whether age has anything to do with capability.

If a candidate has the right credentials, is bright, articulate, attractive and possesses all the ingredients that meet the specs, so to speak — then age has nothing to do with it. We are now, in today's economy, star gazing. Those people who present a picture of success and can carry it off can pretty much write their own ticket.

I must admit that credentials count. There's no question that a hiring posture on the part of the interviewing company will be one that is very critical in finding good experience. If it's on the agency side, we want to see people who have had major agency experience on the most sophisticated of packaged goods accounts — at least at the beginning of their career. In addition to that, an MBA certainly is helpful. But people who can project and present themselves as creditable individuals and who "have their act together" are people who are going to be sought after.

I also must comment on experience. We have found that sometimes the younger generation has been in too great a hurry to get it all in. Because of this, we've found that many clients are looking for those people who have seen it all and done it all, and still have the energy and brain power and talent to make things happen.

So how does one really judge whether your career is on track? There is a simple approach to this:

a) Are you sought after in the marketplace and looked up to because you are in a position of high visibility?

b) Does one see that you are out there, attending conventions and other kinds of public events that are career-related?

c) Are you moving upwardly within your own company?

d) Are you happy in your job and is it apparent that you are a "doer" in the ultimate sense of the word?

If you can answer "yes" to all of these questions, then I would say that regardless of age, regardless of any of the rules or guidelines, your career is on track.

Simmy Sussman is president of Sussman & Morris Associates, a consultancy and executive recruiting firm specializing in media and marketing.

TITLE	MEDIAN AGE
Assistant product manager	25
Product manager	27
Senior product manager	30
Group product manager	34
Vice president/ marketing	39
General management	45

1b) AGENCIES: Assume you are a 22-year-old college graduate who has just been hired as a buyer in the media department at a large advertising agency. At what age do you hope to achieve each of the following titles? (Base = 90)

TITLE	MEDIAN AGE
Media planner	24
Group media planner	26
Senior media planner	27
Media director	33
Executive vp, media services	38
Agency management	40

2) Do you feel such guidelines are realistic in measuring your career progress?

ADVERTISER	AGENCY
Yes 78.4%	67.8%
No 21.6%	31.1%
No answer 0%	1.1%

3) Would failing to meet your title goals cause you to change employers?

ADVERTISER	AGENCY
Yes 63.6%	65.6%
No 30.7%	33.3%
No answer 5.7%	1.1%

4) Which is more important to you, your salary or your title?

ADVERTISER	AGENCY
Salary 64.8%	80.0%
Title 29.4%	15.6%
Equal/NA 5.8%	4.4%

5) How many job changes do you expect to make in your career?

ADVERTISER	AGENCY
4	4

SALES PROMOTION

by Russ Bowman

PMAA HAS AN UPWARD OUTLOOK

Nearly 300 "promoters" from the many sides of the promotion/merchandising business gathered recently in Chicago for a two day "Update" conference sponsored by the PMAA (Promotion Marketing Association of America). Chairman for the fifth annual affair, Peter Consolazio, director of promotions for Quaker Oats, opened the first day by noting that "the trends seem to be continuing, if not strengthening — namely, that promotion spending, professionalism and emphasis vs. other marketing factors are increasing significantly."

Ellen Farley, vice president, market research at Donnelley Marketing in Stamford, Conn., told the audience that major shifts in economic and demographic trends will continue to have important implications for the advertising and promotion industry.

1. The differential growth between population (+5% in the 1980's) and households (+7%) has resulted in a decline in average household size, from 3.1 in 1970 to 2.7 today.

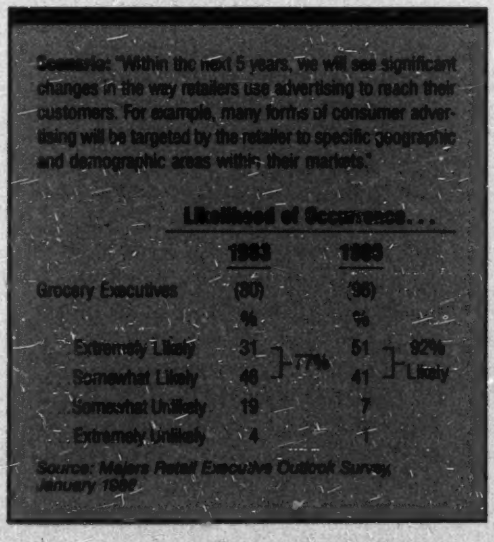
2. Mobility patterns have shifted from 19% each year in 1970 to 16% today and are predicted to decrease, meaning less concern for outdated mailing lists.

3. The trend of faster growth in non-metro areas vs. metros set in the 1970's appears to have reversed itself. Center cities in the Northeast, for example, that declined about 1.4% annually in the 1970-1980 decade are now growing at about 0.4%.

4. Both black and Hispanic populations are growing at a faster rate than the nation as a whole. Hispanics outpace the U.S. by 160%, while blacks' growth rate vs. the U.S. is +20%.

The manufacturer/retailer balance: At the retail level, it certainly has become obvious that the shifting trends in retailing (especially supermarket/drug chains) must effect the way we plan promotions. Fewer but larger stores controlled by fewer but larger organizations have put retailers in a more powerful position. George Beaumont, vice president-promotion management services for Majers, predicted that conventional supermarkets which represent 55% of grocery sales today will represent only 32% in 1990. "The growth area will be the superstores or warehouse stores," he projected.

The fifteen fastest growing grocery chains that accounted for 21% of U.S. sales in 1974 now account for about 33%. One food company states that their top 20 supermarket customers now account for *half* of their business. According to a survey of retail executives by Majers, 80% felt it was likely that "in the future, many manufacturers will fill the role of a supplier to retailers who are *more directly in control* of the marketing process." The same retail survey indicated that retailers will "target many forms of advertising and promotion to specific geographic and demographic areas."



GF plans for better "data management": Bob King, director, business decisions support for the General Foods Corporation in White Plains, N.Y., began his talk by illustrating the "data explosion" at GF. "Back in the 1950's and earlier when the only basic sales data source was Nielsen, the company used about 1,080 numbers a year to monitor their business; with the advent of SAMI and other sources in the 1960's, that figure grew to 39,000 numbers; today, with scanner data added and many other information inputs, GF annually uses over 31 million numbers to read their business."

"About five years ago," Mr. King explained, "GF formed a sort of task force of market research and systems people to deal with the data expansion and newer computer capabilities."

Much of the foundation of their philosophy came from Alvin Toffler's *Third Wave* and can be described briefly as a shift from "producer control to consumer/user control."

GF began the process by "getting their managers comfortable with PC's," King continued. "They were allowed to take them home, given games and education programs for the family and given free access to a PC center to answer their questions."

Better information management in the future, according to King, will be based on systems that are "pro-active"; in short, "systems that follow what you do and how you do it and learn from what you do. At that point," he concluded, "more data is better."

PMAA 1986 Reggie winners: Bud Hamilton, division manager-general advertising at Procter & Gamble and chairman of the Reggie awards committee, set the stage for the 1986 presentations by pointing out that promotion expenditures have

been growing "at an average rate of 12% over the past 10 years and currently exceed advertising by 63%. The ultimate objective of promotion must be to build business over the short as well as long term. Hence," Mr. Hamilton continued, "we are here today not to celebrate the quantity of promotion, but the quality of promotions which maximize return by producing good, hard business results."

Hamilton and the committee presented awards to 10 outstanding promotions from 1985. Top recognition (the "Super Reggie" award) went to The Quaker Oats Company for their "Where's the Cap'n" Cap'n Crunch promotion which was featured in our February *Marketing & Media Decisions* "Promotion" column.

The "Where's the Cap'n" promotion featured a $1 million sweepstakes reward for the return of the Cap'n, who conveniently vanished from the fronts of millions of cereal boxes in August 1985. In his place on the package was a Cap'n-shaped white spot surrounding a large question mark, and an offer of a free in-pack detective kit premium. Different clues were available in three different boxes.

The event was promoted to consumers via a multi-media blitz, including free-standing inserts, Sunday comics, tv, radio and a public relations campaign. A separate college sweepstakes promotion was developed to extend the brand's reach beyond its usual franchise of children between the ages of six and 12. The event was also promoted with unique "talking" point-of-purchase materials and trade deals designed to generate displays.

In pursuit of the Cap'n, consumers literally searched the store shelves for the packages and clues which would lead to his discovery. Share of the market rose 50%.

Other 1986 Gold Reggie winner include: Burmah-Castrol Inc. and Adler Schwartz Inc. for the "Castrol Money-Back 12-Pack"; Frito-Lay, Inc. for "The Great Potato Chip Picnic Giveaway"; Menley & James and Promotion Development Corporation for "Contac Colds/Flu Alert"; and Procter & Gamble and Wells, Rich, Greene, Inc. for "Spic and Span Diamond Jubilee."

Silver Reggie winners were: Del Monte for "Search for Values"; Mattel Inc. and Don Jagoda Associates for "Masters of the Universe Create-a-Character Contest"; Miles Laboratories, Inc., Consumer Healthcare Division, and H&R Block for "Alka-Seltzer 'Tax Time Relief' "; Procter & Gamble, Black & Decker and Dancer Fitzgerald Sample, Inc. for "Spacemaker Super Giveaway"; and Wilkinson Sword and American Marketing Services, Inc. for "Five Weeks Shaving, Absolutely Free."

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